

Vincent Wright

Revenue Sources FY 1986 - 89

**QUARTERLY UPDATE
MARCH, 1987**

**Alaska
Department of Revenue**

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STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

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March 20, 1987

To the Reader of the Revenue Sources FY 86-89 (March 1987) and Petroleum Production Revenue Forecast (March 1987)

The revenue forecast presented in these publications has been prepared by economists and research staff of the Department of Revenue in accordance with the highest professional standards. It has been reviewed and adopted by myself as the Department's best judgment of revenues to be received by the State of Alaska over the prescribed forecast period. The Department of Revenue has historically been and remains solely and exclusively responsible for the preparation of these quarterly forecasts. The experience of recent years involving frequent and significant revisions in estimated revenues is due to the inherent difficulty of predicting the movements in the price of crude oil--a commodity whose volatility over the last decade cannot be exaggerated. This volatility combined with the State of Alaska's almost complete dependence on oil revenues, which in recent years account for almost 85 percent of total revenues, can sometimes lead to dramatic and unavoidable changes in the forecast.

Sincerely,

Vincent D. Wright
Vincent D. Wright
Chief of Research

ALASKA'S REVENUE SOURCES

Compiled by Research Section

Department of Revenue

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Introduction

In accordance with Alaska Statute 37.07.060(b)(4) the Revenue Source Book is compiled annually to assist the Governor in formulating a proposed comprehensive financial plan for presentation to the State Legislature. Since fiscal year (FY) 1975, responsibility for compiling and publishing this summary of State Revenues has come under the Department of Revenue's jurisdiction. Within the publication are shown prior year actuals, revised current year estimates, and upcoming year projections.

The State receives three major classes of income: Unrestricted, Restricted, and Special Fund Revenues.

1. Unrestricted Revenues are paid into the General Fund and may be appropriated for any purpose. These receipts are listed in the Source Book by type; i.e., Taxes, License and Permits, etc.
2. Restricted Revenues are those received for specific purposes, primarily from the Federal Government. Only budget category totals are given.
3. Special Fund Revenues are those received into statutorily established funds such as the International Airports Revenue Fund.

Anticipated State income is projected through the use of a number of data sources: 1) An econometric model developed by the Department of Revenue's Research Section to forecast unrestricted non-petroleum revenues, 2) A petroleum revenue forecasting model created by the Department's Research Section, and 3) Estimates from individual State agencies.

The Department of Revenue thanks the various State agencies for their cooperation in computing anticipated revenues for publication in this document.

MEMORANDUM

State of Alaska

TO: The Honorable Steve Cowper
Governor

DATE: March 20, 1987

FILE NO.:

THRU: Hugh Malone
Commissioner of Revenue

TELEPHONE NO.: 465-2173

SUBJECT: March Revenue Forecast

FROM: Vincent D. Wright
Chief of Research
Department of Revenue

The March 1987 unrestricted revenue forecast is complete and the numbers for FY 87, FY 88, and FY 89 are \$1,598.4 million, \$1,532.6 million, and \$1,589.7 million respectively.

The changes when compared to the January 1987 forecast represent increases of \$264.2 million, \$207.6 million, and \$215.8 million for FY 87, FY 88, and FY 89 respectively.

The FY 87 number must be adjusted upward by \$65 million for TAPS legal expenses and refunds. When this adjustment is made, the bottom line for FY 87 then amounts to \$1,663.4 million.

The FY 87 number represents the mean case, which is traditionally adopted this time of the year, whereas the figures for FY 88 and FY 89 represent the more conservative 30% case.

The situation relative to the oil outlook is extremely volatile and will likely remain so throughout the spring and summer. The problem centers around whether or not the fundamentals of supply and demand support current crude prices. The evidence to date suggests that they do not. The political side of the equation, mainly what oil producing OPEC and non-OPEC countries can do in controlling markets, is the primary factor propping up oil prices and this effort is tenuous at this particular point in time. The fact of the matter is that OPEC is undergoing, at this moment, a testing period insofar as its ability to hold together the production and pricing agreement reached December 21, 1986.

The most formidable and immediate problem working to undermine the OPEC agreement is the unwillingness of buyers to purchase the desired level of 15.8 million barrels per day at \$18/barrel that OPEC would like to sell, although this in itself should help to reduce the excess supply of crude on world markets. The OPEC group is also confronted by the anticipated normal spring seasonal downturn in demand for certain types of fuel, the excess oil productive capacity of OPEC and non-OPEC countries alike, the relative decline in the value of the dollar which OPEC oil is pegged to, and adverse cash flow problems. The demand for petroleum products worldwide is sluggish at best with little chance for improvement in the immediate future. Compounding the problem is the price competitiveness of substitute energy resources. All the

aforementioned factors, which primarily revolve around the fundamentals of supply and demand, militate against OPEC being able to prevent, via political means, a collapse in oil prices.

On the other hand, if OPEC can restrain individual members from engaging in widespread violations of the current agreement, if non-OPEC countries continue to offer both tacit and overt support, if worldwide demand for petroleum products does not reverse itself, and if inventories are reduced throughout the spring and summer, then prices should steady and perhaps increase next winter. The odds against OPEC being able to hold their agreement together are enormous but we believe their chances of succeeding are better now than they were a few months ago. The one crucial element favoring success centers around OPEC's absolute necessity to succeed or confront as a consequence internal economic and financial failure. The prospect of this type of failure is perhaps the strongest motive holding OPEC together at this time. I want to reemphasize, however, that the situation is still tenuous and will likely remain so throughout the summer. This means that prudence dictates a cautious approach relative to our budgetary difficulties.

I should mention at this juncture that the numbers in this forecast are not based on any new revenue raising measures that might be passed during this session. If such measures are past, then the numbers will have to be adjusted accordingly.

I would like to further add the caveat that if there is a margin for error in this particular forecast it is obviously on the optimistic side i.e. the downside risks are much greater than any perceived upside potential.

I have attached for your perusal the details of this forecast along with the basic underlying assumptions, a short history of the states' revenue picture, and charts indicating the nominal versus real dollar outlook.

VDW:m11
Attachments

Revenue Summary

In Thousands of Current Dollars

	FY 1986 Actual <u>March</u>	FY 1987 Estimate <u>March</u>	FY 1988 Estimate <u>March</u>	FY 1989 Estimate <u>March</u>
Total General Fund				
Unrestricted Revenues (p. 7)	<u>3,075,500</u>	<u>1,663,400</u>	<u>1,532,600</u>	<u>1,589,700</u>
Total General Fund Restricted Revenues (p. 12)	<u>323,700</u>	<u>405,200</u>	<u>406,700</u>	<u>408,600</u>
Total General Fund Revenues (p. 12)	<u>3,399,200</u>	<u>2,068,600</u>	<u>1,939,300</u>	<u>1,998,300</u>
Alaska Permanent Fund (p. 13)	<u>323,500</u>	<u>1,413,900</u>	<u>166,600</u>	<u>188,200</u>

Key Assumptions for March 1987
Petroleum Revenue Projections
For FY 1987 - FY 1989

Fiscal Year	(\$/bbl) Mean Wellhead Value	(\$/bbl) 30% Wellhead Value	Mean TAPS Throughput (MMbbs/day)	Mean Rate Inflation %
1987	\$6.93	\$6.61	1.83	3.47
1988	\$9.11	\$7.56	1.87	4.68
1989	\$10.40	\$8.40	1.89	4.85

Sales Price for Alaska North Slope Crude Oil at Los Angeles, California

	<u>Weighted Average</u>	<u>30% Case</u>	
FY 87	\$12.83	\$12.51	per barrel
FY 88	\$14.09	\$12.54	per barrel
FY 89	\$14.87	\$12.87	per barrel

Sales Price for Alaska North Slope Crude Oil at Houston, Texas

	<u>Weighted Average</u>	<u>30% Case</u>	
FY 87	\$14.06	\$13.74	per barrel
FY 88	\$15.16	\$13.61	per barrel
FY 89	\$16.00	\$14.00	per barrel

Weighted Average TAPS Tariff

FY 87	\$4.25	per barrel
FY 88	\$3.19	per barrel
FY 89	\$2.75	per barrel

General Fund Unrestricted Revenues

In Thousands of Current Dollars

	FY 1986 Actual <u>March</u>	FY 1987 Estimate <u>March</u>	FY 1988 Estimate <u>March</u>	FY 1989 Estimate <u>March</u>
<u>Taxes</u>				
<u>Income</u>				
Corporate-General	11,200	14,000	15,000	15,500 ✓
Corporate-Petroleum	133,900	95,000	110,000	110,000 ✓
<u>Gross Receipts</u>				
Alaska Business License	2,100	2,000	2,000	2,000 ✓
Fish-Canned Salmon (1)	3,500	2,500	2,300	2,300
Fish-Shorebased (1)	10,100	11,500	10,000	10,000
Fish-Floating	7,500	8,500	8,600	8,600
Seafood Marketing	1,100	1,300	1,200	1,200
Salmon Enhancement	4,300	4,000	4,000	3,84,000
Insurance Companies(2)	21,100	18,500	18,200	17,900
Electric & Telephone Co-ops	1,900	1,900	1,900	1,900
Mining License Tax	300	300	400	400
<u>Severance</u>				
Oil & Gas Production (3)	1,107,900	598,200	549,100	597,100
Oil & Gas Conservation	500	800	700	700
<u>Property</u>				
Oil & Gas	113,500	82,700	76,800	70,700
<u>Sale/Use</u>				
Alcoholic Beverages	13,300	12,800	12,300	12,000
Fuel Taxes-Aviation (4)	8,100	7,900	7,800	7,700
Fuel Taxes-Highway (4)	22,700	19,500	19,000	18,700
Fuel Taxes-Marine (4)	5,300	4,700	4,500	4,400
Tobacco Products (5)	4,900	6,900	6,600	6,400
<u>Other</u>				
Estate	700	1,100	700	700
Total Taxes	<u>1,473,900</u>	<u>893,600</u>	<u>850,100</u>	<u>891,200</u>
<u>Licenses & Permits</u>				
<u>Business</u>				
Business	11,300	10,500	10,800	11,000
<u>Non-Business (6)</u>				
Non-Business (6)	18,000	21,000	21,000	21,000
Total Licenses & Permits	<u>29,300</u>	<u>31,500</u>	<u>31,800</u>	<u>32,000</u>
<u>Intergovernmental Receipts</u>				
Federal Shared Revenues (7)	<u>14,500</u>	<u>8,800</u>	<u>8,500</u>	<u>8,500</u>
<u>State Resource Revenue</u>				
<u>Sale/Use</u>				
Bonus Sales (7) (8) (9) (10)	34,700	2,500	-0-	-0-
Investment Earnings (11)	195,200	160,000	90,000	45,000
Rents (7) (8) (9) (10)	6,200	5,500	6,000	6,500
Royalties (3) (7)	856,100	419,800	476,300	536,300
Sale of State Property	8,700	8,000	9,000	9,000 ✓
Gravel, Timber, etc. (12)	2,900	8,000	2,500	2,500 ✓
<u>Facilities Related Charges</u>				
Airports	1,500	1,600	1,600	1,600 ✓
Ferry System-Southeast	28,500	29,000	28,000	28,000
Ferry System-Southwest	3,800	3,800	3,700	3,700
Other	5,200	5,000	5,000	5,000

<u>Service Related Charges</u>	5,100	5,300	5,400	5,600
Court System				
Other	<u>4,100</u>	<u>6,000</u>	<u>4,700</u>	<u>4,800</u>
<u>Total State Resources</u>				
Revenues	<u>1,152,000</u>	<u>654,500</u>	<u>632,200</u>	<u>648,000</u>
<u>Miscellaneous Revenues</u>	<u>13,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
<u>Unrestricted Revenues</u>	<u>2,682,700</u>	<u>1,598,400</u>	<u>1,532,600</u>	<u>1,589,700</u>
Plus: Special Settlements (13) (14)	<u>392,800</u>	<u>65,000</u> <i>672</i>	<u>-0-</u>	<u>-0-</u>
<u>Total Unrestricted Revenues (15)</u>	<u>3,075,500</u>	<u>1,663,400</u>	<u>1,532,600</u>	<u>1,589,700</u>

(1) The FY 87, FY 88, and FY 89 figures reflect the recent enactment of a shorebased fisheries business tax credit per Ch. 79, SLA 1986. The Act took effect July 1, 1986.

(2) The FY 87, FY 88, and FY 89 figures reflect the enactment of Ch. 118, SLA 1986 which set the tax for domestic and foreign insurers, except hospital and medical service corporations, at 2.7 percent. Previously domestic and foreign insurers were taxed at 1.5 percent and 3.0 percent.

(3) The January forecast for FY 87 assumed the 30 percent case; however, the FY 87 March estimates have been changed to reflect the mean or average case. The forecasted numbers for FY 88 and FY 89 continue to assume the 30 percent case; however, if the mean case had been utilized for FY 88 and FY 89, the production taxes would change to \$663.3 million and \$734.0 million, respectively. The royalty figures would change to \$575.9 million and \$666.3 million, respectively. All of the forecasted numbers include the estimated TAPS settlement.

(4) Revenues from the three main categories of fuel tax are shown separately. However, under the provisions of AS 43.40.010(h), all refunds are made from the highway fuel tax account. If gross collections of highway fuel taxes remain constant, an increase in refunds for aviation and marine fuels could lower the net revenues shown for highway fuels. Also, increasing use is being made of tax credits, which can be taken in lieu of claiming a refund on certain non-taxable use of fuel (15 AAC 40.200). The FY 86 figure includes revenue for marine fuel tax collections on fuel purchased out-of-state but which is used in Alaska waters. A number of returns for taxes levied on in-state usage are currently in the appeal process and FY 87, FY 88, and FY 89 revenues will not be revised upward until that process is completed.

(5) Ch. 24, SLA 1985 raised the General Fund portion of the cigarette tax from a rate of 1-1/2 mills (\$.0015) to 5-1/2 mills (\$.0055) per cigarette. The Act took effect October 1, 1985.

(6) The FY 87, FY 88 and FY 89 figures reflect the enactment of Ch. 60, SLA 1986 which increased driver licensing fees and vehicle registration fees. The Act became effective September 1, 1986.

(7) Net Permanent Fund contribution by Ch. 18 SLA 1980.

(8) Reflects state lease sales of \$16.3 million held September 24, 1985 (Sale 45A-North Slope Onshore and Sale 47 - Kuparuk Uplands), \$3.0 million held February 25, 1986 (Sale 48 - Kuparuk Uplands and Sale 48A - Mikkelsen), \$0.9 million held June 24, 1986 (Sale 49 - Cook Inlet), and \$0.3 million held January 27, 1987 (Sale 51 - Prudhoe Bay Uplands). Due to the timing of collections, receipts from the June 1986 lease sale are shown as FY 87 revenue. The FY 87, FY 88, and FY 89 bonus figures represent the General Fund's 49.5 percent share.

(9) The FY 86 figure reflects the OCS "8(g)" revenue-sharing settlement of \$51.4 million. The General Fund share represents 49.5 percent of the aforementioned total, whereas the Permanent Fund will receive 50.0 percent. The remaining 0.5 percent will be distributed to the Public School Fund. An additional \$4.0 million is reflected in FY 87.

(10) The Department of Natural Resources projects the following FY 87, FY 88, and FY 89 state lease sales: FY 87 (Sale 50 - Camden Bay); FY 88 (Sale 54 - Kuparuk Upland, Sale 55 - Demarcation Point); and FY 89 (Sale 52 - Beaufort Sea, Sale 56 - Alaska Peninsula). However, bonus bids are impossible to anticipate prior to sales; therefore, no estimates are provided.

(11) The investment earning projections presented reflect the current composition of General Fund assets and current interest rates. The projections also reflect a drawdown in the level of General Fund assets over the projection period. The projected drawdown in assets is a result of projected revenue cash inflows consistent with the current revenue forecast and projected expenditure cash outflows consistent with the revised FY 87 budget and the Governor's, January 1987, recommended FY 88 budget. None of the Governor's proposed revenue enhancement or alternative funding measures have been reflected in the projections. Should proposed tax measures be enacted or should a portion of the Permanent Fund earnings be appropriated to the General Fund then these General Fund investment earning projections would be greater for FY 88 and FY 89.

(12) The FY 87 estimate reflects increased construction of roads and drilling pads as projected by the Department of Natural Resources.

(13) The FY 86 figure includes the \$243 million the State received from the ARCO settlement on January 15, 1986.

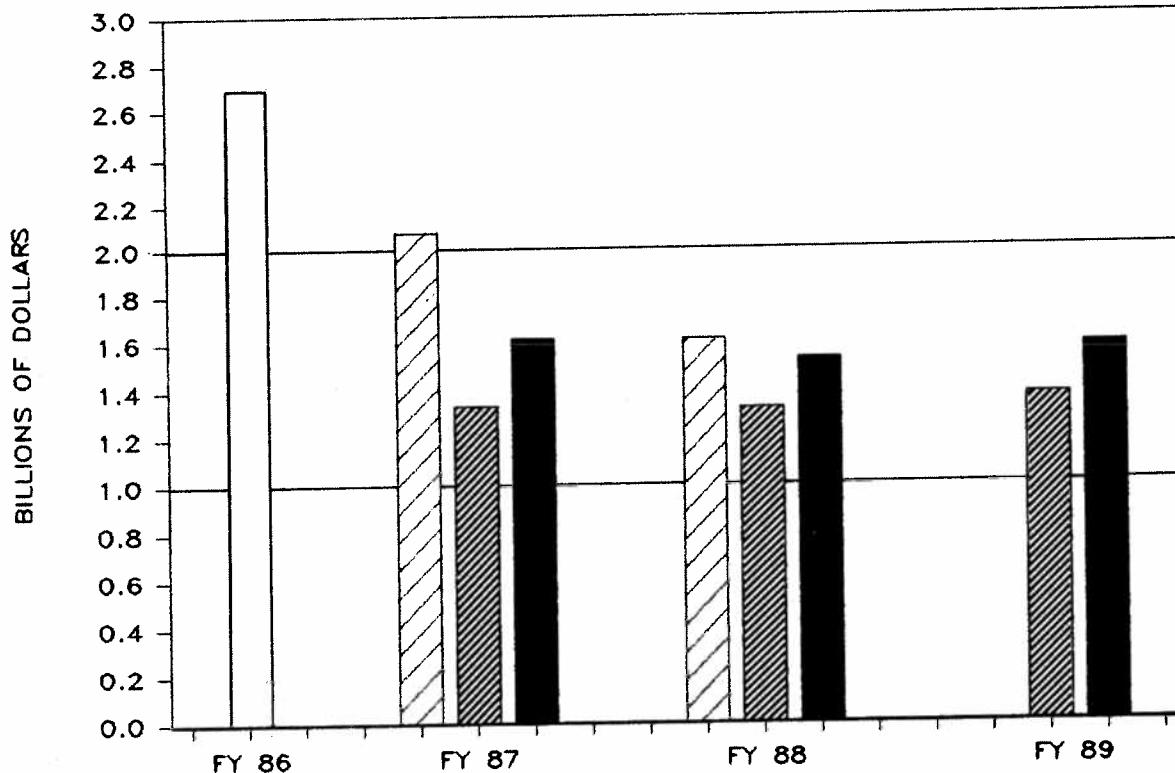
(14) The FY 86 and FY 87 figures reflect the estimated General Fund portion from refunds and expenses for prior years, relative to the TAPS case. The State received \$149.8 million during FY 86 but this figure is subject to audit. Approximately \$65.0 million is projected to be received during FY 87. This figure is also subject to future audits.

(15) The State, per AS 38.05.180, will be granting incentive credits against royalties, severance taxes, and rentals to the oil companies for drilling exploratory wells. The deduction is approximately \$0.7 million which has not been subtracted from the aforementioned FY 86 figure of \$3,075.5 million and approximately \$2.9 million which has not been subtracted from the aforementioned FY 87 figure of \$1,663.4 million. Additional credits are anticipated in subsequent years.

Unrestricted Revenues

Historical Comparison

□ FY 86 ACTUAL
▨ MARCH 1986 ESTIMATES
▨ JANUARY 1987 ESTIMATES
■ MARCH 1987 ESTIMATES



FY 86 Actual* 2.6827 billion

FY 87 Estimates*

March 1986	2.0776 billion
January 1987	1.3342 billion
March 1987	1.5984 billion

FY 88 Estimates

March 1986	1.6142 billion
January 1987	1.3250 billion
March 1987	1.5326 billion

FY 89 Estimates

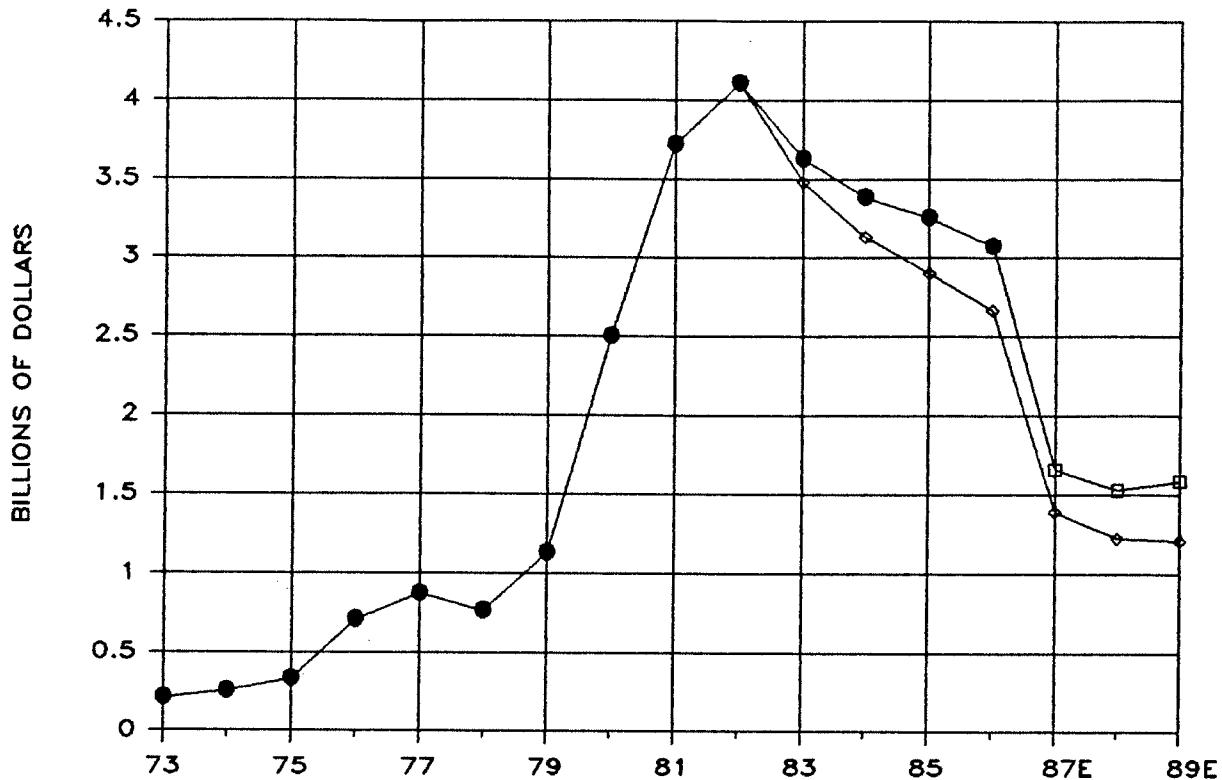
January 1987	1.3739 billion
March 1987	1.5897 billion

* IT SHOULD BE NOTED THAT ALL "SPECIAL SETTLEMENTS" HAVE BEEN EXCLUDED ABOVE IN FY 86 AND FY 87 IN ORDER TO BE CONSISTENT IN COMPARING PRIOR FORECASTS. THE FY 86 BOTTOM LINE WOULD INCLUDE AN ADDITIONAL \$243.0 MILLION (ARCO SETTLEMENT) AND \$149.8 MILLION (TAPS REFUNDS/LEGAL EXPENSES). FOR FY 87, THE ABOVE FIGURES WOULD INCLUDE AN ADDITIONAL \$65.0 MILLION (TAPS REFUNDS/LEGAL EXPENSES).

Unrestricted Revenues

(NOMINAL DOLLARS VS. REAL DOLLARS)

- ACTUALS(NOM\$)
- ESTIMATES(NOM\$)
- ◊ ACT/EST(REAL\$/1982)



Revenue Actuals
(Nominal \$)

FY 73	.2082 billion
FY 74	.2549 billion
FY 75	.3334 billion
FY 76	.7098 billion
FY 77	.8743 billion
FY 78	.7649 billion
FY 79	1.1330 billion
FY 80	2.5012 billion
FY 81	3.7182 billion
FY 82	4.1084 billion
FY 83	3.6310 billion
FY 84	3.3901 billion
FY 85	3.2600 billion
FY 86	3.0755 billion

Revenue Estimates
(Nominal \$)

	Revenue Actuals/Estimates (Real \$/1982)
FY 82	4.1084 billion
FY 83	3.4826 billion
FY 84	3.1347 billion
FY 85	2.9002 billion
FY 86	2.6641 billion
FY 87	1.3926 billion
FY 88	1.2258 billion
FY 89	1.2126 billion

Revenue Breakdown

The total General Fund unrestricted revenues for Fiscal Year 1986 actuals were \$3,075.5 million with Fiscal Years 1987, 1988, and 1989 projected to be \$1,663.4 million, \$1,532.6 million, and \$1,589.7 million, respectively.

The following table depicts a breakdown of General Fund unrestricted revenues in terms of petroleum versus non-petroleum revenues based on the March estimates:

Petroleum vs. Non-Petroleum Revenues

(In Millions of Current Dollars)

Petroleum Revenues

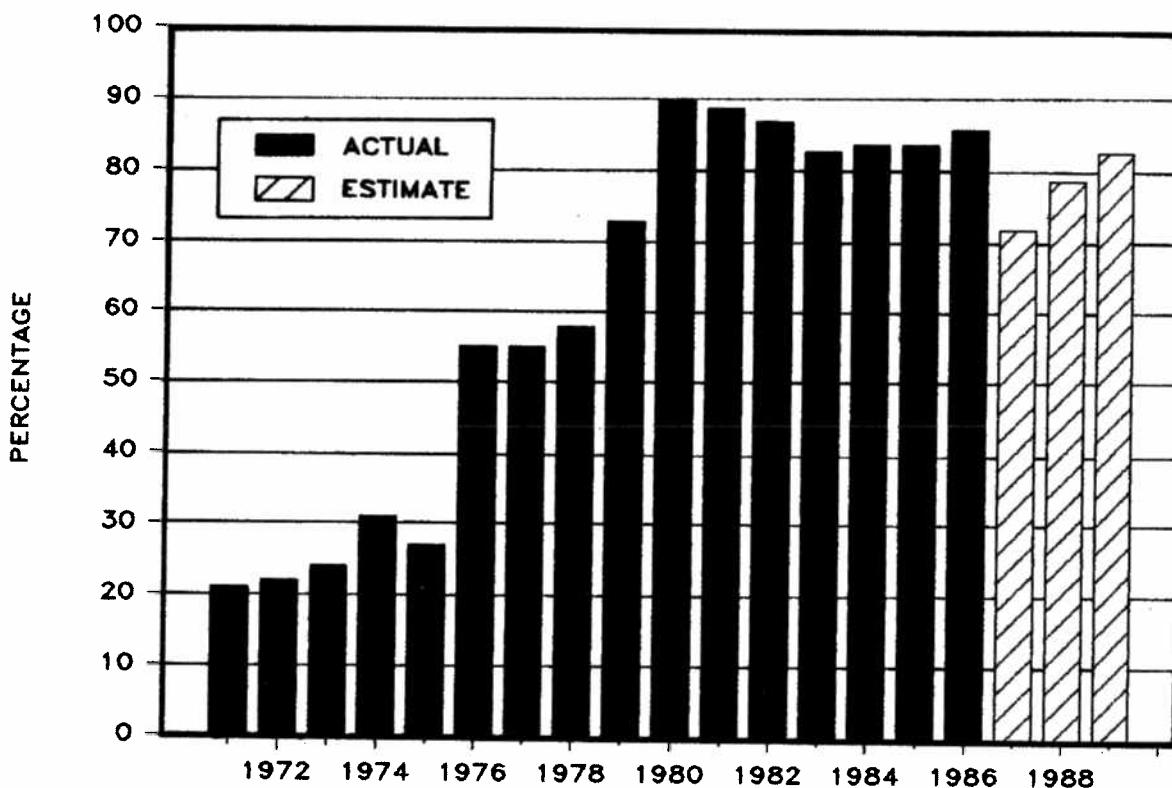
	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
Corporate Petroleum	133.9	95.0	110.0	110.0
Severance Tax	1,108.4	599.0	549.8	597.8
Royalties	856.1	419.8	476.3	536.3
Property Tax	113.5	82.7	76.8	70.7
Bonus Sale	34.7	2.5	-0-	-0-
Rents	4.2	3.5	4.0	4.5
Intergovernmental Receipts	14.3	8.7	8.4	8.4
Special Settlements	<u>392.8</u>	<u>65.0</u>	<u>-0-</u>	<u>-0-</u>
	<u>2,657.9</u>	<u>1,276.2</u>	<u>1,225.3</u>	<u>1,327.7</u>

Non-Petroleum Revenues

	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
Taxes	118.1	116.9	113.5	112.7
Licenses & Permits	29.3	31.5	31.8	32.0
Intergovernmental Receipts	.2	.1	.1	.1
State Resources Revenues	257.0	228.7	151.9	107.2
Miscellaneous Revenues	<u>13.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>
	<u>417.6</u>	<u>387.2</u>	<u>307.3</u>	<u>262.0</u>
Total	<u>3,075.5</u>	<u>1,663.4</u>	<u>1,532.6</u>	<u>1,589.7</u>

Petroleum Revenues

**Historical Comparison of General Fund
Unrestricted Petroleum Revenues as Percentages
of General Fund Unrestricted Revenues
(in Millions of Current Dollars)**



Fiscal Year	Total General Fund Unrestricted Revenues	Total General Fund Unrestricted Petroleum Revenues	Percent
1971	220.4	47.0	21
1972	219.2	48.4	22
1973	208.2	50.3	24
1974	254.9	80.2	31
1975	333.4	90.4	27
1976	709.8	391.5	55
1977	874.3	477.6	55
1978	764.9	441.5	58
1979	1,133.0	821.6	73
1980	2,501.2	2,256.5	90
1981	3,718.2	3,304.3	89
1982	4,108.4	3,574.8	87
1983	3,631.0	3,026.6	83
1984	3,390.1	2,861.6	84
1985	3,260.0	2,743.5	84
1986	3,075.5	2,657.9	86
1987*	1,663.4	1,276.2	77
1988*	1,532.6	1,225.3	80
1989*	1,589.7	1,327.7	84

* Estimate

Restricted Revenues

In Thousands of Current Dollars

	FY 1986 Actual <u>March</u>	FY 1987 Estimate <u>March</u>	FY 1988 Estimate <u>March</u>	FY 1989 Estimate <u>March</u>
Federal Grants-in-Aid				
Education	42,000	46,800	47,800	47,800
Social Services	125,200	134,600	135,700	135,800
Health	3,200	3,800	3,800	3,800
Natural Resources	17,900	26,700	26,700	28,800
Pub. Prot./Admin. of Justice	7,700	9,200	9,000	9,200
Development/General Government	9,300	2,100	2,100	2,100
Transportation	<u>88,500</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Total Federal Grants-in-Aid	<u>293,800</u>	<u>373,200</u>	<u>375,100</u>	<u>377,500</u>
Other Grants-in-Aid				
Education	1,400	1,400	1,400	1,400
Health/Social Services	4,300	4,700	4,500	4,300
Natural Resources	1,400	2,800	2,800	2,700
Pub. Prot./Admin. of Justice	2,000	3,500	3,500	4,000
Development/General Government	3,600	6,100	6,000	5,300
Transportation	<u>800</u>	<u>900</u>	<u>900</u>	<u>900</u>
Total Other Grants-in-Aid	<u>13,500</u>	<u>19,400</u>	<u>19,100</u>	<u>18,600</u>
Miscellaneous Restricted Revenue-All Categories	<u>16,400</u>	<u>12,600</u>	<u>12,500</u>	<u>12,500</u>
Total Restricted Revenue 1/	<u>323,700</u>	<u>405,200</u>	<u>406,700</u>	<u>408,600</u>
Total Unrestricted Revenue	<u>3,075,500</u>	<u>1,663,400</u>	<u>1,532,600</u>	<u>1,589,700</u>
Total General Fund Revenue	<u>3,399,200</u>	<u>2,068,600</u>	<u>1,939,300</u>	<u>1,998,300</u>

1/ Restricted Revenue figures may not agree with those shown in the Governor's budget due to categorical differences between the budget and accounting system.

Special Funds

In Thousands of Current Dollars

	FY 1986 Actual March	FY 1987 Estimate March	FY 1988 Estimate March	FY 1989 Estimate March
<u>Enterprise Funds</u>				
Agriculture Loan Fund	1,700	1,100	1,100	1,100
Alternative Tech. and Energy Loan Fund	700	500	500	500
Bulk Fuel Loan Fund	-0-	100	100	100
Child Care Facility Loan Fund	100	-0-	-0-	-0-
Commercial Fish Loan Fund	6,400	5,100	5,100	5,100
Fisheries Enhancement Loan Fund	-0-	100	100	100
Fisheries Product Loan Fund	-0-	-0-	-0-	-0-
Historical District Loan Fund	-0-	-0-	-0-	-0-
Housing Assistance Loan Fund	28,400	13,900	14,400	15,000
International Airport Revenue Fund	44,700	51,900	54,300	57,100
Medical Malpractice Loan Fund	100	100	100	100
Mining Loan Fund	1,200	400	400	400
Power Development Loan Fund	4,900	6,000	6,000	6,000
Power Project Loan Fund	-0-	2,300	2,500	2,500
Residential Energy Cons. Loan Fund	300	200	200	200
Rural Electrification Loan Fund	100	100	100	100
Scholarship Loan Fund	2,800	3,100	3,900	4,600
Small Business Loan Fund	2,400	100	100	100
Tourism Loan Fund	400	100	100	100
World War II Veterans Loan Fund	<u>1,000</u>	<u>500</u>	<u>500</u>	<u>500</u>
Total Enterprise Funds	<u>95,200</u>	<u>85,600</u>	<u>89,500</u>	<u>93,600</u>
<u>Special Revenue Funds</u>				
Alaska Permanent Fund (1) (2) (3) (4)	323,500	1,413,900	(3) 166,600	188,200
Public School Fund (1)(2) (3)	14,600	10,300	10,800	11,300
Revenue Sharing Fund	-0-	-0-	-0-	-0-
NPR-A Special Revenue Fund (1)	16,700	9,000	1,000	1,000
Fish and Game Fund	7,400	7,900	8,100	8,300
Disaster Relief Fund	1,800	-0-	-0-	-0-
Marine Coastal Damage Fund	-0-	-0-	-0-	-0-
School Fund	2,800	3,100	3,000	2,900
Training & Building Fund	900	600	600	500
Total Special Revenue Funds	<u>367,700</u>	<u>1,444,800</u>	<u>190,100</u>	<u>212,200</u>
Total Special Funds	<u>462,900</u>	<u>1,530,400</u>	<u>279,600</u>	<u>305,800</u>

- (1) FY 86 and FY 87 figures reflect reallocation of funds from the Permanent Fund (\$24.3 million) and the Public School Fund (\$0.2 million) to the NPRA Fund per Ch. 53, SLA 1986.
- (2) Not included in the FY 87 figures are additional estimated amounts from refunds and expenses for prior years, relative to the TAPS case, due the Alaska Permanent Fund (approximately \$11.3 million) and the Public School Fund (approximately \$0.2 million respectively).
- (3) The FY 86 and FY 87 figures reflect the OCS "8(g)" revenue sharing settlement payments to the Permanent Fund (\$25.7 million and \$2.0 million respectively) and the Public School Fund (\$0.3 million and \$0.02 million respectively).
- (4) The FY 87 figure reflects Ch. 25, SLA 1986 which appropriated approximately \$1.264.4 million from the Undistributed Income Account to the Permanent Fund principal, effective July 1, 1986.

Alaska Permanent Fund

In Thousands of Current Dollars

Permanent Fund Principal

<u>FY</u>	<u>Mineral Revenues</u>	<u>Appropriations</u>	<u>Inflation Proofing</u>	<u>Total Contributions(1)</u>	<u>Balance (1)</u>
1977	4,000	-0-	-0-	4,000	4,000
1978	50,500	-0-	-0-	50,500	54,500
1979	83,900	-0-	-0-	83,900	138,400
1980	344,800 (2)	-0-	-0-	344,800	483,200
1981	385,100	900,000	-0-	1,285,300	1,768,500
1982	400,500	800,000	-0-	1,200,500	2,969,000
1983	421,000	400,000	231,200	1,052,200	4,021,200
1984	366,200	300,000	150,900	817,100	4,838,300
1985	368,000	300,000	234,600	902,600	5,740,900
1986	323,500 (3)	-0-	216,400	539,900	6,280,800
1987	48,400 (4)	1,264,400 (5)	-0-	1,312,800 (4)	7,593,600 (4)

Earnings Distribution

<u>FY</u>	<u>General Fund</u>	<u>Dividend Account</u>	<u>Inflation Proofing</u>	<u>Undistributed Income Account</u>	<u>Total Earnings</u>
1977	-0-	-0-	-0-	-0-	-0-
1978	1,300	-0-	-0-	-0-	1,300
1979	6,500	-0-	-0-	-0-	6,500
1980	11,800	11,800	-0-	-0-	23,700
1981	27,500	27,500	-0-	31,200	86,200
1982	71,100	71,100	-0-	174,700	317,000
1983	109,500 (6)	107,900	231,200	22,500	471,100
1984	-0-	175,000	150,900	203,600	529,500
1985	-0-	217,300	234,600	205,900	657,800
1986	-0-	303,400 (7)	216,400	501,100	1,020,900

(1) Includes transfer of net investment gains/losses to principal and citizen contributions.

(2) Includes \$114.5 million as 25 percent of bonuses and rentals for the undisputed state portion of the Beaufort Sea Lease Sale. Litigation over the legality of that sale is still pending.

(3) Reflects reallocation of funds (\$24.3 million) from the Permanent Fund to the NPRA Fund, per Ch. 53, SLA 1986.

(4) Represents cumulative balance as of December 31, 1986.

(5) Reflects Ch. 25, SLA 1986 which appropriated \$1,264.4 million from the Undistributed Income Account (Earnings Reserve Account) to the Permanent Fund Principal, effective July 1, 1986.

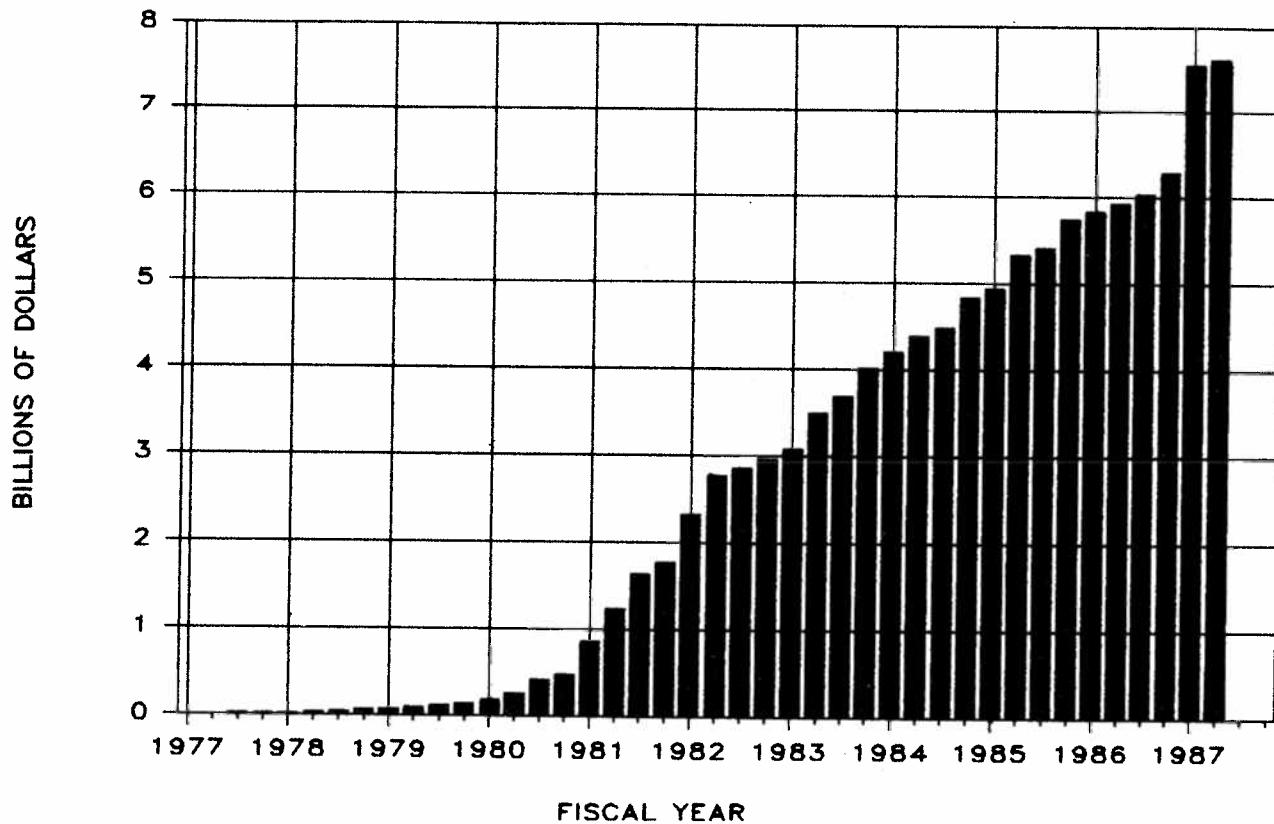
(6) Ch. 81, SLA 1982 provided transitional procedures whereby an amount equal to the distributable income for 1983 would be transferred from the Undistributed Income Account to the General Fund. This would then be the final General Fund contribution which is not destined for the dividend program.

(7) Ch. 129, SLA 1986 appropriated \$303,424,842 from net income to the Dividend Account for payment of 1986 Permanent Fund dividends (\$295,885,142 for 1986 dividend payments, \$3,328,000 for FY 87 administrative costs, and \$4,211,700 for hold harmless costs).

NOTE: Long range projections on the Permanent Fund are provided in Table 3, pages 41-44.

Alaska Permanent Fund

Historical Comparison of Cumulative Balance



Alaska Permanent Fund

The Alaska Permanent Fund was established by a constitutional amendment effective February 21, 1977. The amendment stated that contributions to the fund must consist of at least 25 percent of mineral lease rentals, royalties, royalty sale proceeds, Federal mineral revenue sharing payments and bonuses received by the State. Enacted legislation (Ch. 18 SLA 1980) has modified this contribution rate to the Permanent Fund from 25 percent to 50 percent. As a result, any future revenues transferable from Beaufort Sea production and any future lease sale bonuses will be subject to the 50 percent rate. During FY 1981, a special appropriation (Ch. 35 SLA 1980) appropriated \$900 million from the General Fund to the Permanent Fund. Similarly, an additional \$1.8 billion was appropriated (Ch. 61 SLA 1981) for FY 1982 with payments beginning July 1, 1981; however, this appropriation was legislatively amended (Ch. 101 SLA 1982) thus permitting deposit of only \$800 million in FY 82 and an additional deposit of \$400 million in FY 83. An additional \$100 million of this appropriation was deposited in the Permanent Fund during August, 1983, as well as, another \$100 million each during December, 1983, April, 1984, October, 1984 and a final \$200 million in December, 1984 thus fully satisfying the \$1.8 billion appropriation in 1981. Recently Ch. 25, SLA 1986 appropriated \$1,264.4 million from the undistributed income account to the principal of the Permanent Fund, effective July 1, 1986.

Revenue Sources

Income Taxes

CORPORATE

The tax is imposed on the entire taxable income of every corporation derived from sources within Alaska, and apportioned under graduated rates and varying conditions as specified in AS 43.20.

Due Date

September 30 of each year,
including prepayments of
estimated tax in four quarterly
installments

Allocation

General Fund/
shared with political sub-
divisions

(Administered by the Department of Revenue.)

Gross Receipts Taxes

BUSINESS LICENSE

License fee for each business is \$25.00. (AS 43.70)

Due Date

Before the 15th day of the third
month following the end of the
tax year

Allocation

General Fund

(Administered by the Department of Revenue.)

COMMERCIAL FISH

Includes tax receipts for raw fish, shore-based and floating fisheries businesses. (AS 43.75)

-Raw fish tax for canned salmon is 4.5% of value

-Shore-based fisheries businesses are taxed at the rate of 3% of value, except a 1% tax is levied when developing commercial fish species are processed.

-Floating fisheries businesses are taxed at 5% of value, except a 3% tax is levied when developing commercial fish species are processed.

<u>Due Date</u>	<u>Allocation</u>
Various dates	General Fund/Shared with political subdivisions

(Administered by the Department of Revenue.)

SALMON ENHANCEMENT

Limited entry permit holders within qualified regional aquaculture associations are levied a tax rate of either 2% or 3% of value of salmon. (AS 43.76)

<u>Due Date</u>	<u>Allocation</u>
By last day of month for prior month	General Fund

(Administered by the Department of Revenue.)

SEAFOOD MARKETING

An assessment is levied upon eligible seafood processors at a rate of 0.2% of value of seafood products purchased in Alaska. (AS 16.51)

<u>Due Date</u>	<u>Allocation</u>
April 1 for the prior calendar year.	General Fund

(Administered by the Department of Revenue.)

INSURANCE PREMIUM

The following rates are on gross premiums less certain deductibles as permitted by AS 21.09.210 and 21.66.110.

Admitted Companies	2.7%
Life	
P & C	
Net Hospital Service	6.0%
Title Companies	1.0%
Surplus Lines (Non-admitted)	3.0%
Self Procurred	3.0%

<u>Due Date</u>	<u>Allocation</u>
April 1 for preceding year	General Fund

(Administered by the Department of Commerce and Economic Development.)

Severance Taxes

OIL PRODUCTION

Tax is levied upon the producer of oil from each lease or property less any part exempt from taxation. It is based on either the percentage-of-value amount or the cents-per-barrel amount, whichever is greater, multiplied by an economic limit factor. (AS 43.55)

1. The percentage-of-value amount remains 12.25% of the value of production for a property coming into commercial production after June 30, 1981, for its first five years of production. Thereafter and for all other existing oil production, including Prudhoe Bay, the percentage-of-value amount is 15% of the value of production.
2. Cents-per-barrel amount equals \$0.80 per barrel of crude oil.

Due Date

Monthly - 20th day of month
for prior month

Allocation

General Fund

GAS PRODUCTION

The tax is levied on all gas produced from each lease or property, less any part exempt from taxation. The base tax rate for gas is \$.064 per thousand cubic feet of taxable gas or 10% of the gross value of taxable production calculated at the point of production, whichever is greater, multiplied by an economic limit factor. (AS 43.55)

Due Date

Monthly - 20th day of month
for prior month

Allocation

General Fund

(Administered by the Department of Revenue.)

Property Taxes

OIL AND GAS

The oil and gas property tax is levied at 20 mills on the full and true value of taxable property used in oil and gas exploration and production. (AS 43.56)

Due Date

June 30

Allocation

General Fund

(Administered by the Department of Revenue.)

Sales/Use Taxes

FUEL

Tax is levied on aviation fuel, highway fuel, and marine fuel at the following rates. (AS 43.40)

Aviation fuel: 4¢ per gallon on aviation gas and 2 1/2¢ per gallon on aviation jet fuel.

Highway fuel: Gasoline and diesel fuel is taxed at the rate of 8¢ per gallon. "Off-highway" users may claim a refund of 6¢ per gallon on motor fuel within one year of purchase if the 8¢ tax was paid.

Marine fuel: Rate is 5¢ per gallon for fuel used in engines for the propulsion of boats and watercraft.

Due Date

Allocation

By last day of month for prior month

General Fund

(Administered by the Department of Revenue.)

ALCOHOLIC BEVERAGE

Tax rates are based on alcoholic content: Malt beverages (1% or more alcohol) \$0.35 per gallon; wine (21% or less alcohol) \$0.85 per gallon; hard liquor (more than 21% alcohol) \$5.60 per gallon. (AS 43.60)

Due Date

Allocation

By last day of month for prior month

General Fund

(Administered by the Department of Revenue.)

CIGARETTE

A tax of 8 mills is levied on each cigarette imported or acquired in the state. Additional license fees follow. (AS 43.50)

Manufacturers	\$5
Vending Machine Operator	\$25
Direct-Buying Retailer	\$25
Buyer	\$25
Distributor	\$50

Due Date

By last day of month for prior month

Allocation

5 1/2 mills of total tax collected goes to General Fund; 2 1/2 mills of tax collected and license fees go to School Fund.

(Administered by the Department of Revenue.)

Licenses and Permits

BUSINESS

Includes receipts from alcoholic beverage licenses, commercial fishing licenses, professional and occupational licenses, and various regulatory permits. (Various statutes)

Due Date

Various

Allocation

General Fund/Revenues from alcoholic beverage licenses shared with political subdivisions.

(Administered by several departments.)

NON-BUSINESS

Includes receipts from motor vehicle instruction permits, title transfers, registration fees, and driver licenses. (Various statutes)

Due Date

Various

Allocation

General Fund/Special Fund

(Motor vehicle licenses administered by the Department of Public Safety)

Intergovernmental Receipts

FEDERAL SHARED REVENUE

Includes receipts from the federal government on timber sales and mineral rents and royalties. The state's share is a percentage of the proceeds derived from these federal lands. (AS 41.15 and Pub. L. 85-505, § 3)

<u>Due Date</u>	<u>Allocation</u>
Federal cut-off dates are March 30 and September 30. Share received 4-6 weeks after cut-off date.	General Fund 25% to Permanent Fund 50% to Permanent Fund (Royalties and Bonuses received on leases issued after December 1, 1979 and February 15, 1980 per Ch 18 SLA 1980)

(Administered by the Department of Natural Resources.)

State Resources Revenue

INVESTMENT EARNINGS

Includes interest at varying rates from the state's investment portfolio, and interest on bank deposits. (AS 37.10)

<u>Due Date</u>	<u>Allocation</u>
Various dates	General Fund

(Administered by the Department of Revenue.)

ROYALTIES

Includes royalties from hard minerals, oil and gas. (AS 38.05)

<u>Due Date</u>	<u>Allocation</u>
Monthly	General Fund 25% to Permanent Fund 50% to Permanent Fund (Royalties received on leases issued after December 1, 1979 and February 15, 1980, per Ch 18 SLA 1980)

(Administered by the Department of Natural Resources.)

FACILITIES RELATED CHARGES

These include receipts from airports, the ferry system, food services, hospital fees, and other state facilities charges. (Various statutes)

<u>Due Date</u>	<u>Allocation</u>
Various dates	General Fund

(Administered by several departments.)

SERVICE RELATED CHARGES

Includes receipts from statutory inspection fees, the court system, and other state service charges. (Various statutes)

<u>Due Date</u>	<u>Allocation</u>
Various dates	General Fund

(Administered by several departments.)

- FORECAST PERFORMANCE RECORD -
GENERAL FUND UNRESTRICTED REVENUES

ALASKA DEPARTMENT OF REVENUE

JANUARY 1987

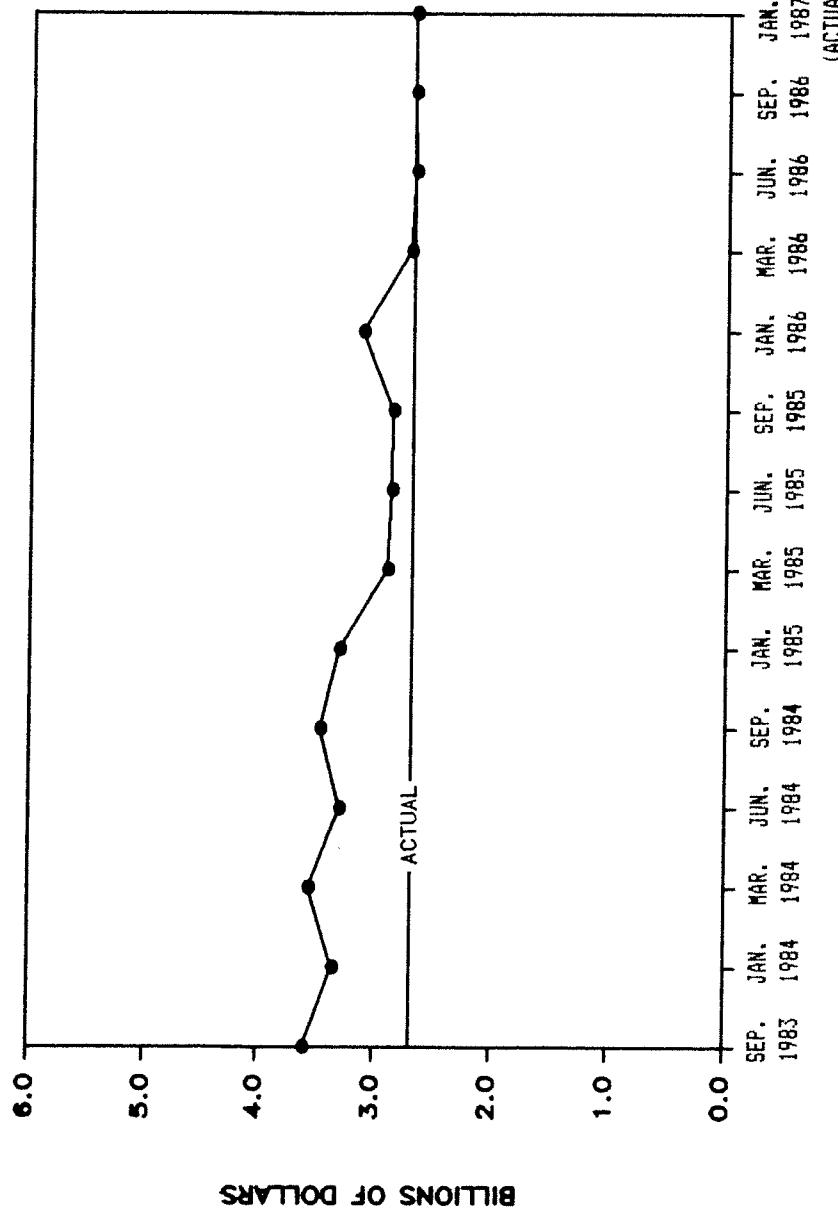
EXPLANATORY NOTES

THE DIVERGENCE BETWEEN ESTIMATED PROJECTIONS AND ACTUALS CAN SOMETIMES BE DUE TO CERTAIN EVENTS WHICH ARE BEYOND THE SCOPE OF A FORECASTER. THE FOLLOWING ITEMS ILLUSTRATE SOME OF THE MAJOR EVENTS WHICH SUBSEQUENTLY IMPACTED STATE REVENUES AT THE TIME THEY WERE INCORPORATED INTO THE FORECAST, BUT WHICH COULD NOT BE ANTICIPATED IN PRIOR FORECASTS.

- (1) SEPTEMBER 1978 ESTIMATES FIRST REFLECT THE INTRODUCTION OF THE CORPORATE-PETROLEUM INCOME TAX.
- (2) JULY 1979 ESTIMATES FIRST REFLECT THE FOLLOWING EVENTS:
 - (A) TAPS PIPELINE FLOW INCREASED DUE TO ADDING PUMPS AND DRAG REDUCING CHEMICALS.
 - (B) OPEC INCREASED CRUDE OIL PRICES DUE TO IRANIAN REVOLUTION.
 - (C) STATE OF ALASKA OFFICIALS NEGOTIATED SALE OF PRUDHOE BAY SABLEROCHIT ROYALTY VOLUME.
- (3) JANUARY 1980 ESTIMATES FIRST REFLECT BONUS SALE (\$342.2M) FROM BEAUFORT SEA LEASE SALE.
- (4) JANUARY 1980 ESTIMATES FIRST REFLECT GRADUAL DECONTROL OF OIL PRICES.
- (5) SEPTEMBER 1981 ESTIMATES FIRST REFLECT LAW CHANGE (CH. 116 SLA 1981) FOR CORPORATE-PETROLEUM INCOME TAX.
- (6) MARCH 1982 ESTIMATES FIRST REFLECT THE "30% CASE". ALL PRIOR FORECASTS HAD ADOPTED THE "MEAN CASE".
- (7) JANUARY 1986 ESTIMATES FIRST REFLECT SETTLEMENT OF THE TAPS CASE.

(If a one year revenue forecast is within plus or minus 10% of actual receipts, then from a statistical point of view that projection is said to be accurate. The Department of Revenue has been very fortunate, compared to international agencies engaged in the same forecasting business, in terms of its accuracy record during the last few years.)

HISTORICAL COMPARISON OF ALL PRIOR
REVENUE PROJECTIONS TO ACTUAL
- FY 1986 -



PROJECTIONS

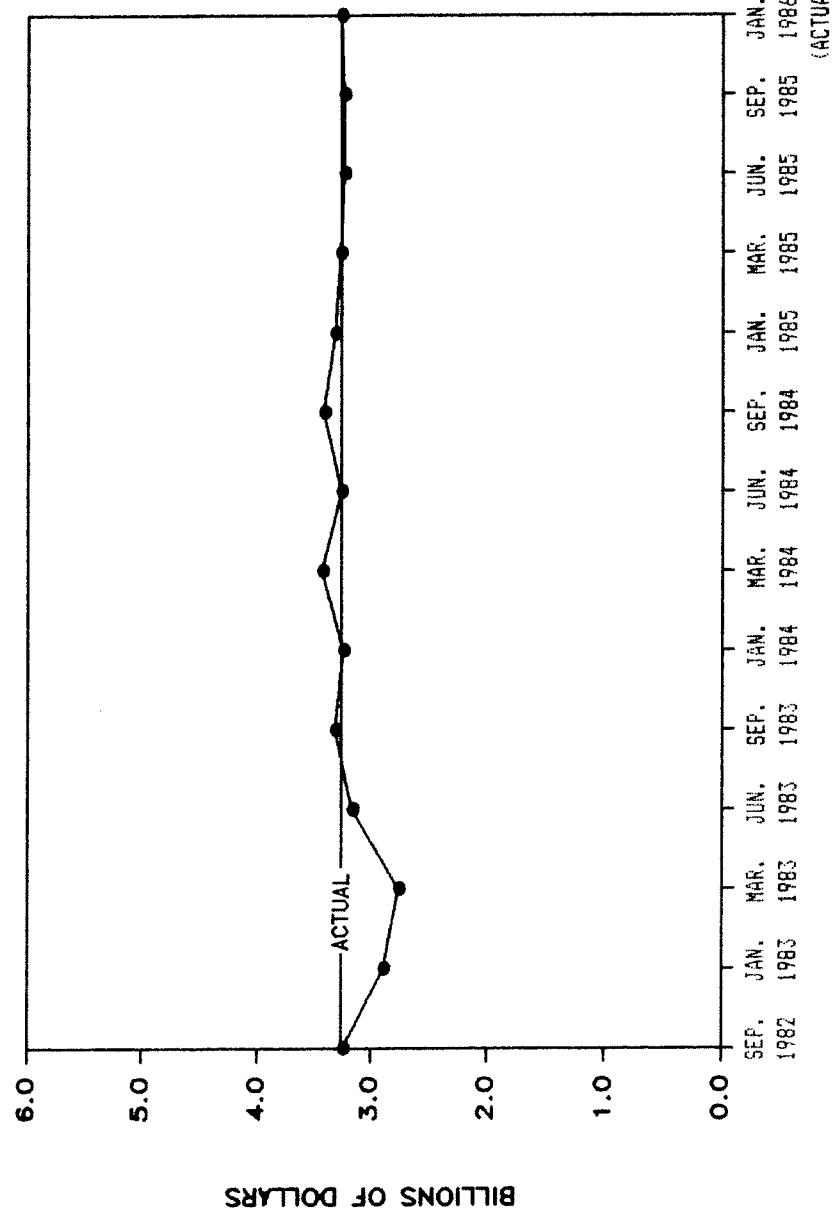
ACTUAL

JAN. 1987 2.6827

% OF ACTUAL	1984	1984	1984	1984	1984	1985	1985	1985	1985	1985	1986	1986	1986	1986	1986	1986	1986	1986	1987
	134.5	125.2	132.9	123.2	129.5	123.5	108.1	107.1	106.7	116.5	101.4	99.9	100.0	100.0					

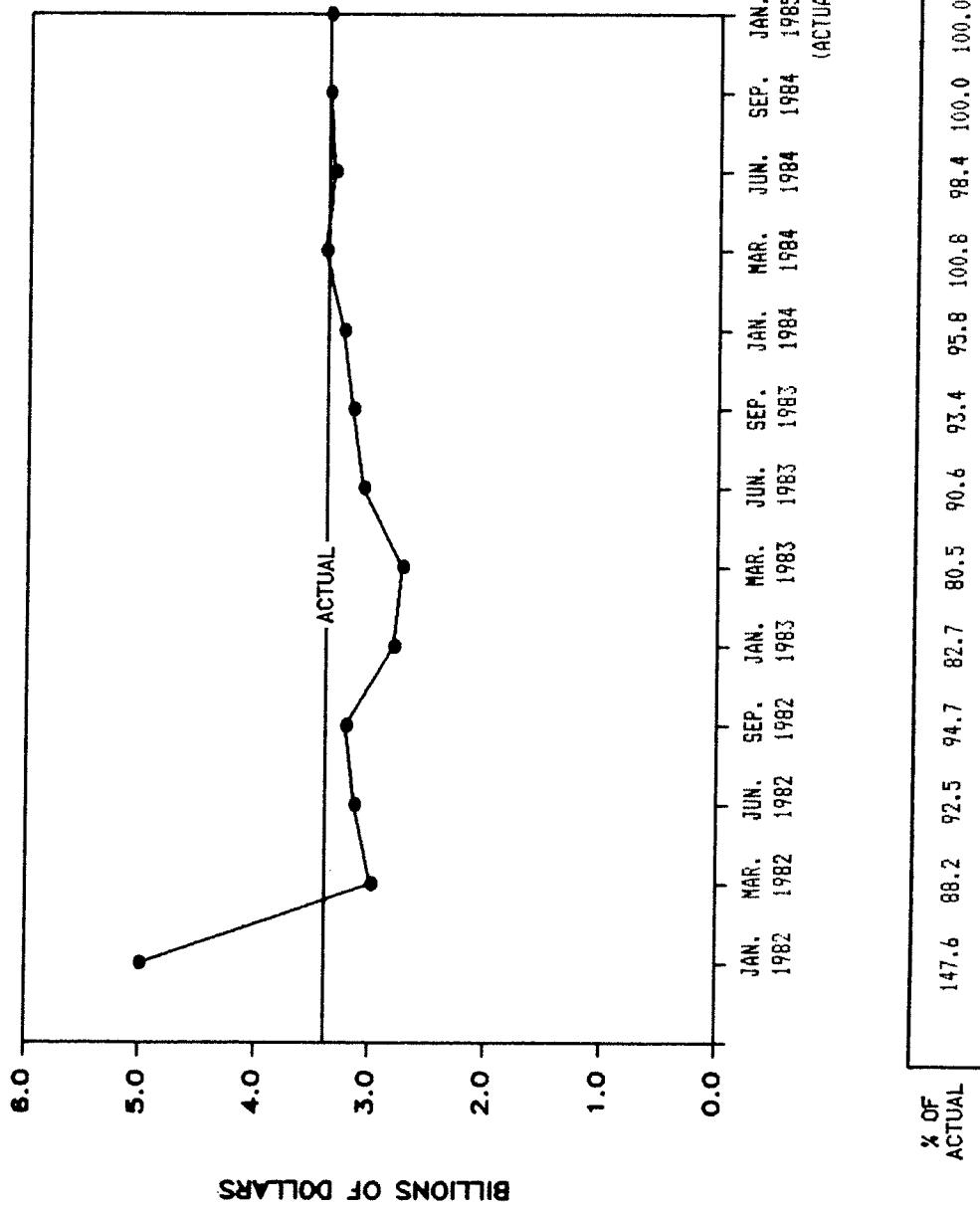
* IT SHOULD BE NOTED THAT ALL "SPECIAL SETTLEMENTS" HAVE BEEN EXCLUDED ABOVE IN ORDER TO BE CONSISTENT IN COMPARING PRIOR FORECASTS.
THE FY 86 BOTTOM LINE WOULD INCLUDE AN ADDITIONAL \$243.0 MILLION (ARCO SETTLEMENT) AND \$149.8 MILLION (TAPS REFUNDS/LEGAL EXPENSES).

HISTORICAL COMPARISON OF ALL PRIOR
REVENUE PROJECTIONS TO ACTUAL
- FY 1985 -

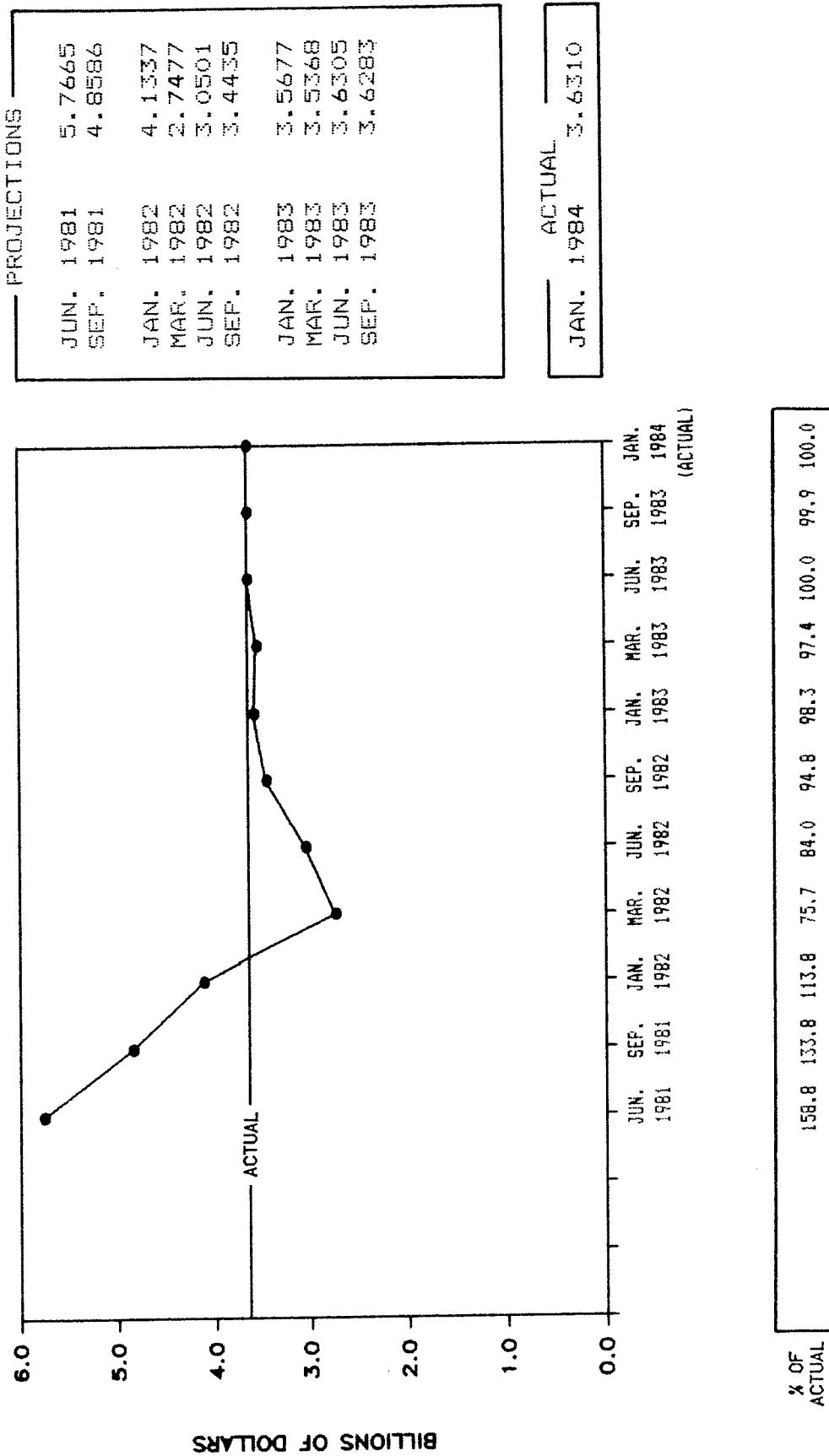


% OF ACTUAL	99.5	88.7	84.7	97.1	101.6	99.3	104.9	99.9	104.4	101.7	100.1	99.3	99.2	100.0
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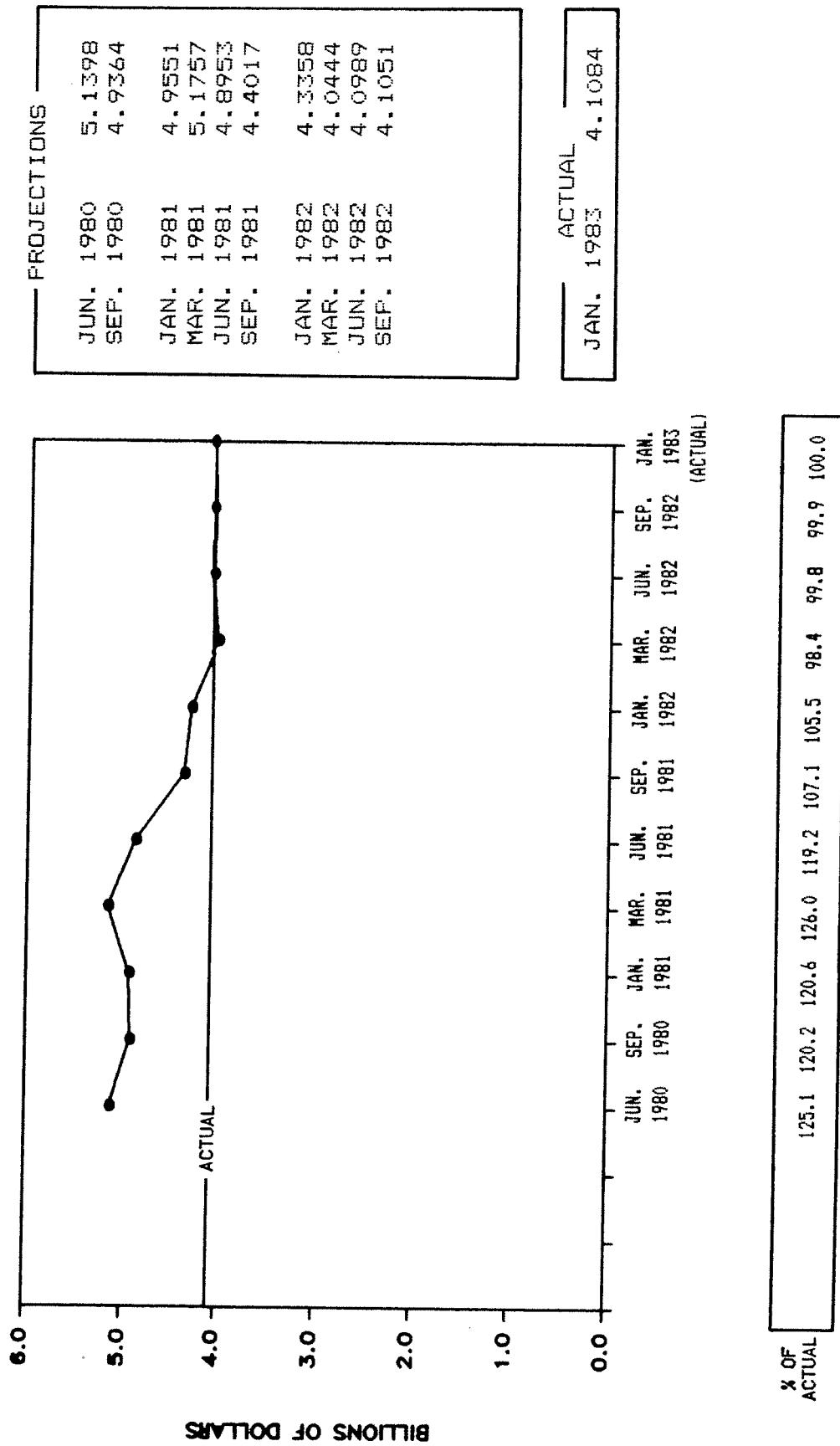
HISTORICAL COMPARISON OF ALL PRIOR
REVENUE PROJECTIONS TO ACTUAL
- FY 1984 -



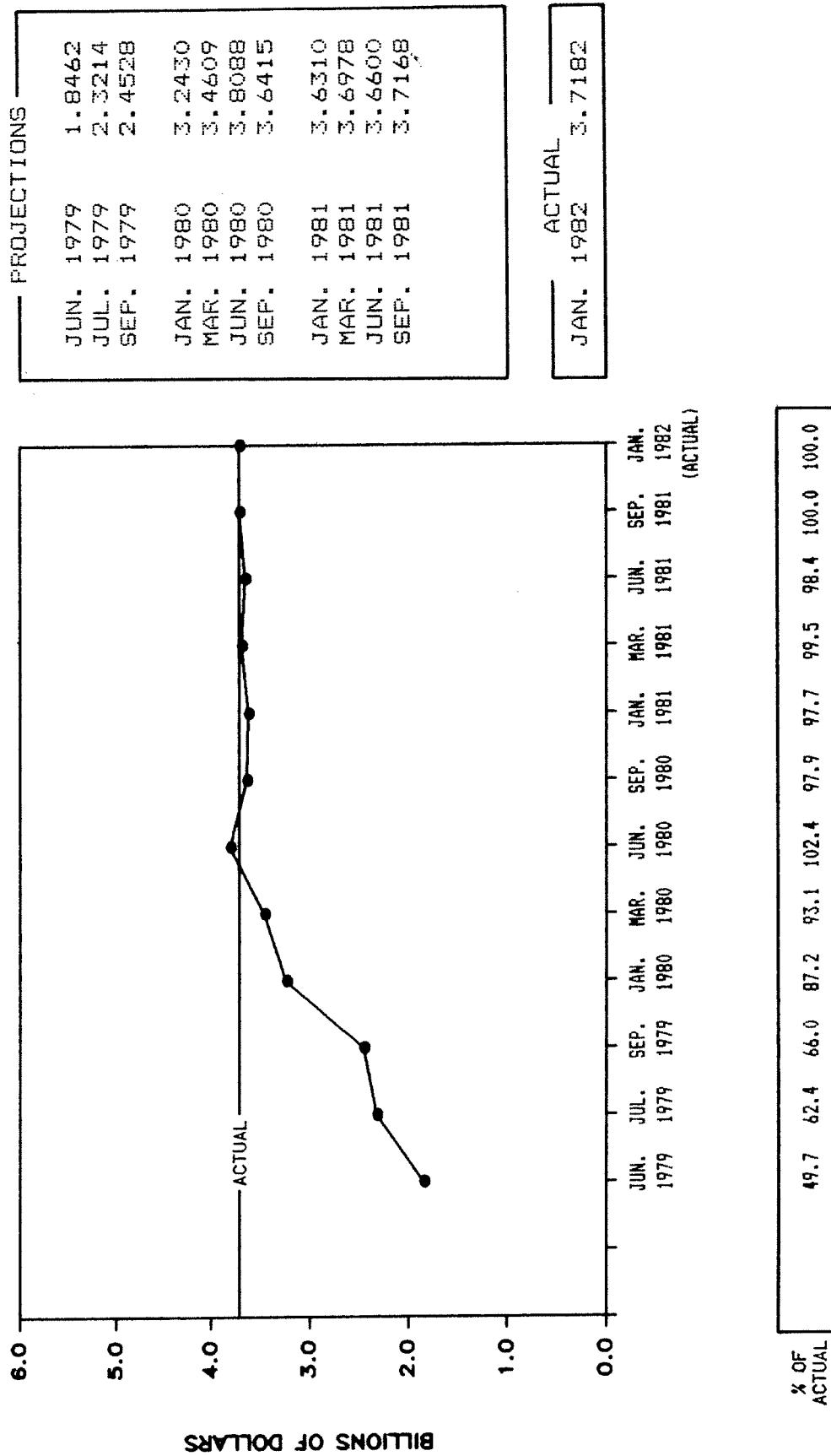
HISTORICAL COMPARISON OF ALL PRIOR
REVENUE PROJECTIONS TO ACTUAL
- FY 1983 -



HISTORICAL COMPARISON OF ALL PRIOR
REVENUE PROJECTIONS TO ACTUAL
- FY 1982 -



HISTORICAL COMPARISON OF ALL PRIOR
REVENUE PROJECTIONS TO ACTUAL
- FY 1981 -



HISTORICAL COMPARISON OF ALL PRIOR
REVENUE PROJECTIONS TO ACTUAL
- FY 1980 -

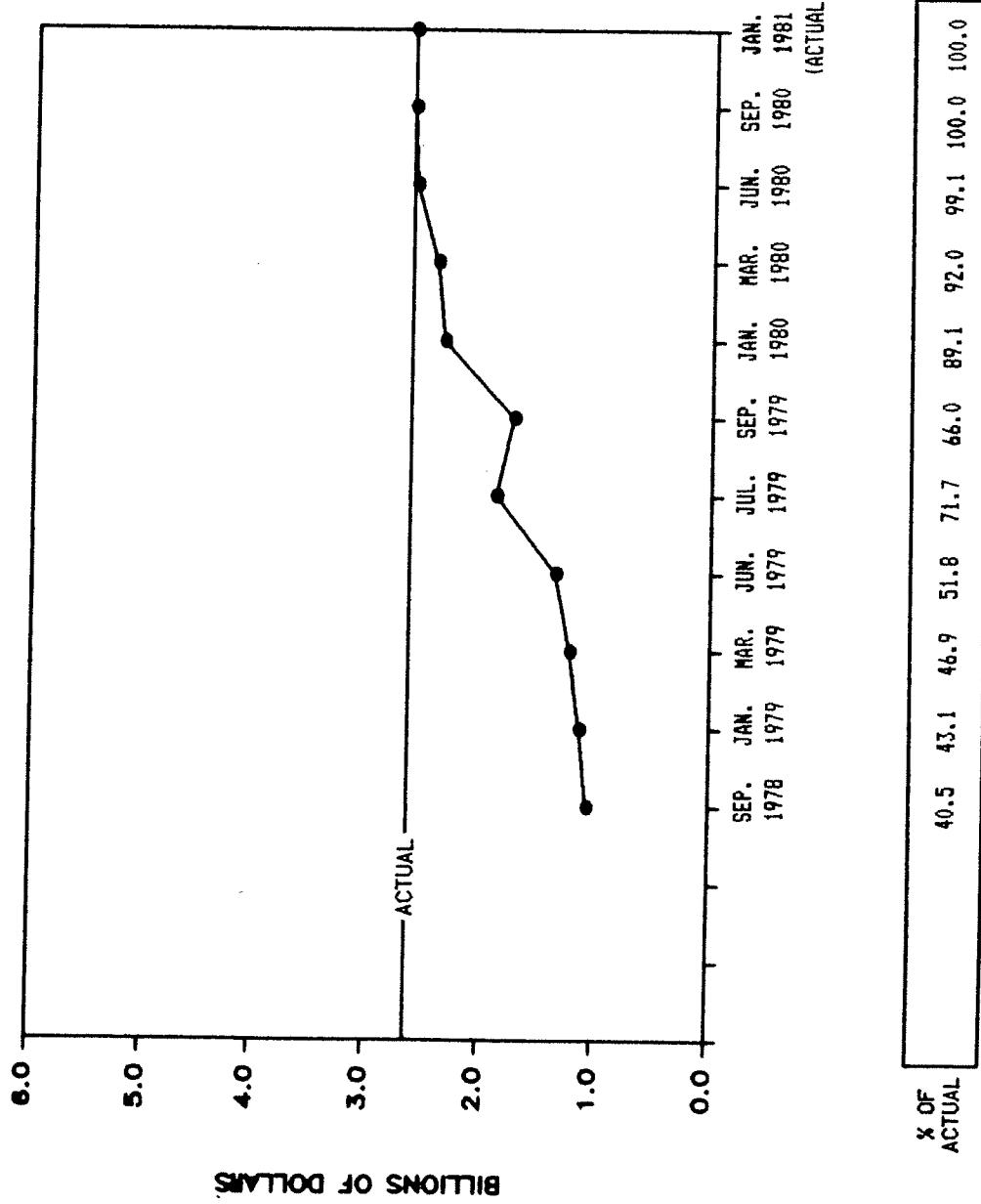


Table 1
STATE OF ALASKA - UNRESTRICTED REVENUES

(\$ millions)	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
Corporate General	6.8	8.2	17.3	31.1	35.8	33.5	24.8	17.9	34.8	30.3	39.5	36.0	11.2	
Corporate - Petroleum	--	--	--	--	--	--	232.6	547.5	860.1	668.9	236.0	265.1	168.6	133.9
Fiduciary	--	--	.1	.1	.1	.1	.1	.1	--	--	--	--	--	--
Individual	<u>43.4</u>	<u>49.2</u>	<u>86.9</u>	<u>146.2</u>	<u>210.4</u>	<u>145.7</u>	<u>117.2</u>	<u>100.5</u>	<u>894.9</u>	<u>703.7</u>	<u>266.3</u>	<u>304.6</u>	<u>204.6</u>	<u>145.1</u>
TOTAL INCOME	<u>50.2</u>	<u>57.4</u>	<u>104.3</u>	<u>177.4</u>	<u>246.3</u>	<u>179.3</u>	<u>374.7</u>	<u>666.0</u>	<u>894.9</u>	<u>703.7</u>	<u>266.3</u>	<u>304.6</u>	<u>204.6</u>	<u>145.1</u>
Alaska Business License	6.7	7.5	11.2	19.1	23.2	21.7	28.2	4.2	5.4	5.5	6.9	19.9	38.8	2.1
Fish - Canned Salmon	1.7	1.4	1.6	1.8	3.8	5.5	6.7	4.3	5.9	8.6	4.3	5.5	5.6	3.5
Fish - Shore Based	.5	.9	.8	.8	1.9	2.3	3.3	7.6	11.0	8.7	11.5	7.1	8.3	10.1
Fish - Floating	.3	.5	.3	.5	.5	.5	1.9	2.7	3.8	5.5	4.7	6.4	4.8	7.5
Salmon Enhancement	--	--	--	--	--	--	--	--	--	2.4	2.6	2.2	2.6	4.3
Seafood Marketing	--	--	--	--	--	--	--	--	--	--	.9	1.1	1.0	1.1
Insurance Companies	3.7	3.8	4.4	6.1	8.1	10.0	10.8	10.4	10.6	12.5	13.8	16.2	17.5	21.1
Other	.6	.6	.7	1.0	1.3	1.6	1.9	2.1	1.2	1.4	1.6	2.0	2.1	2.2
TOTAL GROSS RECEIPTS	<u>13.5</u>	<u>14.7</u>	<u>19.0</u>	<u>29.3</u>	<u>38.8</u>	<u>41.6</u>	<u>52.8</u>	<u>31.3</u>	<u>37.9</u>	<u>44.6</u>	<u>46.3</u>	<u>60.4</u>	<u>80.7</u>	<u>51.9</u>
Gravel, Timber, Etc.	--	.3	.8	1.8	1.0	.8	1.7	1.6	2.7	--	--	--	--	--
Oil & Gas Production	12.0	14.8	26.6	27.9	23.7	107.6	173.6	506.2	1,169.9	1,581.1	1,493.0	1,392.4	1,388.7	1,107.9
Oil & Gas Conservation	--	--	--	--	--	.1	.1	.2	.3	.3	.6	.7	.7	.5
TOTAL SEVERANCE	<u>12.0</u>	<u>15.1</u>	<u>27.4</u>	<u>29.8</u>	<u>24.8</u>	<u>108.5</u>	<u>175.5</u>	<u>508.1</u>	<u>1,172.9</u>	<u>1,581.7</u>	<u>1,493.7</u>	<u>1,393.1</u>	<u>1,389.4</u>	<u>1,108.4</u>
Oil & Gas	--	--	6.6	83.4	139.1	173.0	163.4	168.9	143.0	142.7	152.6	131.0	128.4	113.5
Oil & Gas Reserves	--	--	--	223.1	270.6	--	--	--	--	--	--	--	--	--
Vehicle Registration	--	--	--	--	--	.2	.2	.1	.2	.2	.2	.2	.2	--
TOTAL PROPERTY	--	--	<u>6.6</u>	<u>306.5</u>	<u>409.7</u>	<u>173.2</u>	<u>163.6</u>	<u>169.0</u>	<u>143.2</u>	<u>142.7</u>	<u>152.6</u>	<u>131.0</u>	<u>128.4</u>	<u>113.5</u>
Alcoholic Beverages	5.2	5.7	6.6	7.8	8.0	7.6	7.4	7.4	8.3	9.0	10.4	13.0	13.9	13.3
Fuel Taxes - Aviation	1.3	1.6	2.8	3.0	2.5	3.3	3.4	4.0	4.1	6.3	8.7	8.1	8.0	8.1
Fuel Taxes - Highway	10.1	11.0	14.0	20.2	16.7	17.9	16.3	18.9	15.6	20.3	23.7	20.2	23.7	22.7
Fuel Taxes - Marine	1.1	1.2	1.1	1.2	1.3	2.1	2.6	3.2	3.5	3.7	4.3	3.9	4.3	5.3
Tobacco Products	<u>1.2</u>	<u>1.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.8</u>	<u>1.7</u>	<u>1.7</u>	<u>1.6</u>	<u>1.7</u>	<u>1.9</u>	<u>2.0</u>	<u>2.0</u>	<u>4.9</u>	<u>54.3</u>
TOTAL SALE/USE	<u>18.9</u>	<u>20.8</u>	<u>26.0</u>	<u>33.9</u>	<u>30.3</u>	<u>32.6</u>	<u>31.4</u>	<u>35.1</u>	<u>33.2</u>	<u>41.2</u>	<u>49.1</u>	<u>47.2</u>	<u>51.9</u>	<u>54.3</u>
Estate School	--	.1	.1	.2	.2	.2	.1	.2	.5	.3	.7	.7	.5	.7
TOTAL OTHER	<u>1.6</u>	<u>1.6</u>	<u>2.2</u>	<u>2.6</u>	<u>2.8</u>	<u>2.6</u>	<u>2.6</u>	<u>2.6</u>	<u>5.5</u>	<u>.3</u>	<u>.7</u>	<u>.7</u>	<u>.5</u>	<u>.7</u>
TOTAL TAXES	<u>96.2</u>	<u>109.7</u>	<u>185.6</u>	<u>579.7</u>	<u>752.7</u>	<u>537.0</u>	<u>800.6</u>	<u>1,412.3</u>	<u>2,282.6</u>	<u>2,514.2</u>	<u>2,008.7</u>	<u>1,937.0</u>	<u>1,855.5</u>	<u>1,473.9</u>

(\$ millions)	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
<u>LICENSES & PERMITS</u>														
Business	3.2	4.1	4.2	5.1	5.5	6.8	7.5	8.1	9.1	10.8	10.8	10.8	11.9	11.3
Non-Business	6.6	6.8	9.4	11.3	10.6	12.3	10.7	12.2	13.0	14.9	15.9	17.0	17.0	18.0
TOTAL	9.8	10.9	13.6	16.4	16.1	19.1	19.8	18.8	21.3	23.8	25.7	26.7	28.9	29.3
<u>INTERGOVERNMENTAL RECEIPTS</u>														
Federal Shared Revenues	7.7	8.0	10.6	6.4	2.5	3.6	4.1	4.8	8.5	21.7	33.3	14.0	10.5	14.5
<u>STATE RESOURCE REVENUE</u>														
<u>SALE/USE</u>														
Bonus Sales	3.8	24.8	1.0	—	—	—	—	—	342.4	7.6	5.0	36.2	10.1	11.5
Investment Earnings	43.2	41.1	38.5	31.7	34.8	44.2	59.2	119.9	227.8	324.7	375.8	282.7	233.5	34.7
Rents	3.7	4.0	4.3	4.1	3.4	2.3	2.1	3.0	5.4	3.5	4.3	6.0	5.1	195.2
Royalties	23.5	28.7	40.0	43.3	34.3	149.6	249.2	688.2	1,118.5	1,157.3	1,078.4	1,047.5	1,034.0	6.2
Sale of State Property	1.7	1.4	12.2	1.9	1.8	1.9	8.4	5.7	4.8	5.2	6.3	7.0	8.5	856.1
Gravel, Timber, etc.	—	—	—	—	—	—	—	—	—	—	—	—	—	8.7
TOTAL	75.9	100.0	96.0	81.0	74.3	198.0	318.9	1,159.2	1,364.1	1,496.9	1,505.0	1,356.2	1,295.7	2.9
<u>FACILITIES RELATED CHARGES</u>														
Airports	.7	.6	.5	.6	.7	.8	.9	.8	1.1	1.6	1.4	1.5	1.6	1.5
Ferry System—SE	10.1	9.6	12.0	13.9	15.4	14.0	17.1	18.7	21.0	25.2	26.4	28.5	29.6	28.5
Ferry System—SW	.9	1.0	1.2	1.3	1.5	1.6	1.8	2.4	3.4	4.0	4.0	3.5	3.8	3.8
Other	<u>3.8</u>	<u>4.3</u>	<u>2.1</u>	<u>2.2</u>	<u>2.7</u>	<u>4.0</u>	<u>3.1</u>	<u>4.1</u>	<u>3.7</u>	<u>3.6</u>	<u>5.5</u>	<u>4.3</u>	<u>7.9</u>	<u>5.2</u>
TOTAL	15.5	15.5	15.8	18.0	20.3	20.4	22.9	26.0	29.2	34.4	37.3	37.8	42.9	39.0
<u>SERVICES RELATED CHARGES</u>														
Court System	1.6	1.9	3.0	3.7	3.6	2.8	2.8	2.8	2.9	3.5	4.2	4.1	4.5	5.1
Other	<u>.3</u>	<u>.4</u>	<u>1.4</u>	<u>.7</u>	<u>.9</u>	<u>1.7</u>	<u>2.3</u>	<u>2.0</u>	<u>4.1</u>	<u>6.1</u>	<u>5.9</u>	<u>4.8</u>	<u>5.2</u>	<u>4.1</u>
TOTAL	1.9	2.3	4.4	4.4	4.5	4.5	5.1	4.8	7.0	9.6	10.1	8.9	9.7	9.2
TOTAL RESOURCE	93.3	117.8	116.2	103.4	99.1	222.9	346.9	1,190.0	1,400.3	1,540.9	1,552.4	1,402.9	1,348.3	1,152.0
<u>MISCELLANEOUS REVENUE</u>														
Unrestricted	1.2	8.5	7.4	3.9	3.9	3.9	7.2	6.7	5.5	7.8	10.9	9.5	16.8	13.0
Non-Tax Revenue	112.0	145.2	147.8	130.1	121.6	249.5	378.0	1,220.3	1,435.6	1,594.2	1,622.3	1,453.1	1,404.5	1,208.8
Less: Native Claims	—	—	—	—	—	22.4	45.6	131.4	—	—	—	—	—	—
Plus: Settlements	—	—	—	—	—	—	—	—	—	—	—	—	—	392.8
TOTAL NET UNRESTRICTED NON-TAX REVENUE	112.0	145.2	147.8	130.1	121.6	227.1	332.4	1,088.9	1,435.6	1,594.2	1,622.3	1,453.1	1,404.5	1,208.8
Total Unrestricted Tax Revenue	96.2	109.7	185.6	579.7	752.7	537.8	800.6	1,412.3	2,282.6	2,514.2	2,008.7	1,937.0	1,855.5	1,473.9
TOTAL UNRESTRICTED REVENUE	208.2	254.9	333.4	709.8	874.3	764.9	1,133.0	2,501.2	3,718.2	4,108.4	3,631.0	3,390.1	3,260.0	3,075.5

Table 2
STATE OF ALASKA - RESTRICTED REVENUES
AND TOTAL GENERAL FUND REVENUES

(\$ millions)		FY 73	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
<u>Federal Grants-In-Aid</u>															
Education	34.7	NA	39.4	35.6	26.7	27.3	27.8	30.7	33.0	25.7	33.8	44.8	76.2	42.0	
Social Services	27.6	NA	36.0	45.4	48.9	57.7	57.8	60.0	68.7	60.4	80.7	91.2	100.7	125.2	
Health	2.6	NA	8.3	5.0	3.0	15.6	15.4	21.4	26.5	27.1	11.9	10.0	12.5	3.2	
Natural Resources	2.7	NA	2.9	3.7	5.4	7.9	10.1	6.5	8.3	12.4	15.0	14.2	18.1	17.9	
Pub. Prot./Admin. of Justice	2.7	NA	5.1	7.0	5.7	7.1	8.4	7.4	7.1	5.5	5.7	6.6	7.5	7.7	
Develop./Gen. Govern.	.5	NA	1.2	.7	2.7	1.4	2.3	2.8	7.9	4.9	8.6	8.1	6.6	9.3	
Transportation	65.7	NA	79.5	123.3	119.1	121.6	84.6	69.5	39.9	22.5	11.0	67.7	110.9	88.5	
Total	136.5	NA	172.4	220.7	211.5	238.6	206.4	198.3	191.4	158.5	166.7	242.6	332.5	293.8	
<u>Other Grants-In-Aid</u>															
Education	.1	NA	.3	.4	.8	.3	.5	1.6	.8	.9	1.0	1.1	1.3	1.4	
Health/Social Services	1.0	NA	1.4	1.9	1.5	2.6	1.2	.5	.2	.3	.4	.4	3.8	4.3	
Natural Resources	.1	NA	1.5	1.9	2.1	1.4	1.2	.6	2.4	1.4	1.0	.9	.9	1.4	
Pub. Prot./Admin. of Justice	.2	NA	.3	.4	.4	1.7	1.9	1.8	1.9	1.9	2.4	3.1	.9	2.0	
Develop./Gen. Govern.	1.1	NA	.3	3.0	.9	1.3	1.6	4.1	2.6	3.3	5.3	15.6	6.5	3.6	
Transportation	.4	NA	11.5	2.5	1.8	1.0	1.1	1.0	1.6	2.5	.9	.2	3.5	.8	
Total	2.9	NA	15.3	10.1	7.5	8.3	7.5	9.6	9.5	10.3	11.0	22.3	16.9	13.5	
Misc. Restricted Revenue	-0-	NA	-0-	4.5	3.1	.9	3.2	5.7	8.1	7.0	15.7	9.8	16.9	16.4	
Total Restricted Revenue	139.4	NA	187.7	235.3	222.1	247.8	217.1	213.6	209.0	175.8	193.4	274.7	366.3	323.7	
Total Unrest. Revenue	208.2	NA	254.9	333.4	709.8	874.3	764.9	1133.0	2501.2	3718.2	4108.4	3631.0	3390.1	3260.0	3075.5
Total Gen. Fund Revenue	347.6	NA	521.1	945.1	1096.4	1012.7	1350.1	2714.8	3927.2	4284.2	3824.4	3664.8	3626.3	3399.2	

NA Not Available

Source: Department of Revenue, Revenue Sources FY 1973 - FY 1986. Revised December 1986.

Table 3
Historical and Projected Petroleum Revenues
(Millions of Dollars)

Corporate FY Non-Petroleum	Oil/Gas Severance Tax	Property Tax	Reserve Rents & Royalties (1)	Bonus Sales (1)	Fed. Min. Royalties (1)	Oil/Gas Special Settlements (1)	Total Petroleum Revenues	Total G.F.	% of Total G.F.
								Unrestricted Revenues	Unrestricted Revenues
59	1.4			3.1			3.1	25.4	12
60	1.7			5.8	4.0	.1	9.9	48.0	21
61	1.4			2.4	1.6	.2	4.2	40.5	10
62	1.8		.2	4.5	20.3	1.0	26.0	68.9	38
63	2.2		.3	8.6	17.9	1.0	27.8	71.6	39
64	1.8		.3	8.7	4.7	1.2	14.9	67.0	22
65	1.9		.3	8.3	5.9	1.9	.1	16.5	83.0
66	4.1		.3	7.7	10.8	2.5	.3	21.6	86.5
67	3.5		.5	7.7	8.6	2.8	1.9	21.5	86.6
68	3.8		1.2	7.5	21.8	2.9	9.5	43.0	112.7
69	4.2		.1	5.6	7.8	.8	3.3	34.5	112.4
70	4.9		.4	7.9	8.2	900.0	3.1	938.9	1067.3
71	5.2		.9	10.5	8.6	.2	2.9	47.0	220.4
72	5.3		1.2	11.4	7.9	.3	23.9		21
73	5.9		.9	12.0	6.7	3.8	3.4	48.4	219.2
74	7.0		1.2	14.8	7.1	24.8	3.6	50.3	208.2
75	14.8		2.5	26.6	9.8	1.0	3.9	80.2	254.9
76	26.2		4.9	28.0	83.4	223.1	5.1	90.4	333.4
77	30.8		5.0	23.8	139.1	270.6	2.0*	391.5	709.8
78	25.1		8.4	107.7	173.0	1.0*	2.8*	477.6*	874.3
79	24.8		232.6	173.8	163.4	1.0*	1.8*	441.5*	764.9
80	17.9		547.5	506.5	168.9	1.2*	342.4*	821.6*	1133.0
81	34.8		860.1	1170.2	143.0	1.2*	7.6*	2256.5*	2501.2
82	34.8		668.9	1581.7	142.7	17.1*	5.0*	3304.3*	3718.2
83	30.1		236.0	1493.7	152.6	27.2*	36.2*	2743.5*	3260.0
84	39.5		265.1	1393.1	131.0	11.0*	10.1*	4108.4	87
85	36.0		168.6	1389.4	128.4	8.2*	11.5*	3026.6*	3631.0
86	11.2		133.9	1108.4	113.5	14.3*	34.7*	2861.6*	83
87**	14.0		95.0	599.0	82.7	8.7*	2.5*	3390.1	84
88**	15.0		110.0	549.8	76.8	8.4*	4.0*	125.3*	1532.6
89**	15.5		110.0	597.8	70.7	8.4*	4.5*	1327.7*	80
								1589.7	84

* Net of Permanent Fund contribution.

** Estimate (March 1987)

(1) These categories are primarily composed of oil/gas revenues; however, includes some additional revenues from other minerals (mostly coal).

LONG-RANGE REVENUE PROJECTIONS

The following tables are part of the output from a simulation model named the Long-Run Fiscal Model (LRFM). These estimates are updated quarterly. Most of the revenue categories of this model are projected with other econometric or simulation models and are exogenous to the LRFM. In particular, the Research Section's model PETREV projected the severance taxes and royalties. A short-term oil and gas income tax model (OGIT) projected that tax through FY90 and a longer term model (PETREVD2) projected it through FY2005. The non-petroleum revenues other than interest were largely projected using a short-term econometric model (REVMOD) through FY89, then as an aggregate extended to FY2005 in LRFM. Two conditions are worth notice when using these projections. Those numbers in the near future can be regarded with greater confidence than those further out and all these projections are revised quarterly and are subject to change.

The assumptions of the LRFM pertinent to both of these tables follow.

1. The 30 percent revenue scenario of the PETREV model is used for petroleum severance taxes and royalties (unless otherwise noted).
2. The real non-petroleum, non-interest revenues (explained below) growth rate will be zero percent from FY89 through FY2005.
3. The fiscal year inflation rate (based on the U. S. Consumer Price Index for All Urban Consumers) will be 3.47 percent for FY87, 4.68 percent for FY88, 4.85 percent for FY89, 5.92 percent for FY90 through FY92, 5.94 for FY93 through FY95, 6.23 for FY96, 6.11 percent thereafter.
4. The real Permanent Fund (PF) interest rate on a fiscal year basis is 12.28 for FY86 and will be 8.00 in FY87, 5.00 in FY88, 4.50 in FY89, and 4.00 percent thereafter.
5. The Legislature will choose to appropriate exactly one-half of the distributable earnings of the PF for Permanent Fund Dividends.
6. The Legislature will choose not to appropriate the Earnings Reserve Account of the Permanent Fund.

Table 1 summarizes the source of estimated revenues and their destination, i.e. General Fund, Permanent Fund or other Special Funds. The second through eighth column of the first table are petroleum revenues and are summarized in column nine. The tenth column is the sum of all excise taxes (e.g. alcohol and fuel taxes), fees for licenses and permits, intergovernmental receipts, state non-petroleum resource revenues and other miscellaneous revenues. Investment and interest revenues are presented in the eleventh column of the table. Interest revenues are the sum of General Fund and Permanent Fund earnings. These two are broken out in the last two columns of this table (col. 24 & 25).

The sum of all revenues is the twelfth (repeated in the 14th) column of the table. This includes some revenues not subject to the budgetary process. In particular, Permanent Fund contributions (col. 18) and earnings (col. 25) must be subtracted along with special fund contributions (col. 15-17) to get the General Fund unrestricted revenues subject to the budgetary process. This number is presented in column 19. Some of the subtracted PF earnings, in particular, those used for PF dividends or deposited in the Earnings Reserve Account, can be appropriated.

Permanent Fund contributions are determined from royalties, mineral rents and bonus sales (col. 5-7, respectively). Columns 21 and 22 indicate which royalty amounts are subject to 25 or 50 percent contribution rates to the Permanent Fund. The total royal contribution is presented in column 23. This is added to the bonus sale contributions (50 percent) and mineral rent contributions (overall rate varies since rents are subject to either the 25 or 50 percent rate depending of the effective date of the lease) to get the total PF contribution (col. 18). Contribution rates are mandated in AS.37.13.010.

TABLE 1
(millions of current dollars unless otherwise noted)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
FY	SEVERANCE TAX	PROPERTY TAX	OIL&GAS INC TAX*	ROYALTIES*	MINERAL RENTS	BONUS SALES	SPECIAL PETRO SETTLEMENTS	PETROLEUM REVENUES	NON-PETR REVENUES	INTEREST REVENUES	TOTAL REVS INCL FUND
81	1170.20	143.00	860.10	1501.60	7.90	14.10	0.00	3696.90	186.10	377.70	4260.70
82	1581.70	142.70	668.90	1553.20	26.40	10.30	0.00	3983.20	209.00	693.10	4885.30
83	1493.70	152.60	236.00	1447.40	54.20	73.10	0.00	3457.00	228.60	846.90	4532.50
84	1393.10	131.00	265.10	1409.00	21.90	16.70	0.00	3236.80	245.80	812.20	4294.80
85	1389.40	128.40	168.60	1390.30	23.70	23.60	0.00	3124.00	283.00	891.30	4298.30
86	1108.40	113.50	133.91	1165.70	42.80	70.10	392.80	3027.21	222.40	1216.05	4445.66
87*	598.98	82.70	95.00	563.48	27.30	5.20	65.00	1437.66	227.20	980.69	2645.55
88	549.81	76.80	110.00	639.78	19.80	0.00	0.00	1396.19	217.30	906.13	2519.62
89	597.76	70.70	110.00	721.38	20.80	0.00	0.00	1520.64	217.00	889.36	2627.00
90	641.58	80.10	117.90	799.85	19.76	0.00	0.00	1659.19	229.84	970.62	2859.65
91	577.81	72.20	122.76	752.61	18.77	0.00	0.00	1544.15	243.45	1039.84	2827.44
92	620.63	65.10	124.50	811.03	17.83	0.00	0.00	1639.09	257.86	1118.03	3014.98
93	644.94	57.20	128.38	858.98	16.94	0.00	0.00	1706.44	273.17	1204.75	3184.36
94	669.54	50.60	135.12	880.52	16.09	0.00	0.00	1751.88	289.39	1294.87	3336.14
95	647.78	43.80	139.54	864.87	15.29	0.00	0.00	1711.28	307.41	1429.78	3448.46
96	615.16	38.90	137.19	855.43	14.53	0.00	0.00	1661.21	326.54	1535.56	3523.31
97	596.51	34.50	138.75	859.22	13.80	0.00	0.00	1642.78	346.87	1647.36	3637.01
98	573.51	29.20	140.50	850.58	13.11	0.00	0.00	1607.60	368.46	1765.04	3741.10
99	537.26	24.70	137.25	829.56	12.45	0.00	0.00	1541.22	391.40	1888.47	3821.09
00	503.87	23.00	133.27	808.86	11.83	0.00	0.00	1480.84	415.32	1995.51	3881.67
01	483.68	26.60	129.18	785.72	11.24	0.00	0.00	1436.42	440.71	2128.12	4005.26
02	459.13	23.00	125.68	764.10	10.68	0.00	0.00	1382.59	467.65	2267.45	4117.69
03	450.20	19.20	122.50	748.54	10.14	0.00	0.00	1350.58	496.24	2414.27	4291.09
04	438.10	15.10	119.31	736.89	9.64	0.00	0.00	1319.03	526.58	2568.96	4444.57
05	430.25	10.40	115.88	731.07	9.15	0.00	0.00	1296.76	558.77	2732.16	4587.68

*In 1987, the mean values are used for all cases.

(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
FY	TOTAL REVS INCL PERM FUND	PUB SCH FUND	NPR-A FUND	RENEW RES FUNDS	PERM FUND CONTRI	GEN FUND UNRESTD	TOTAL SUSTAIN	-PERM FUND CONTRIB- #25 PCT	-PERM FUND CONTRIB- #50 PCT	ROYALTY PF CONTRIB	-INTEREST EARNINGS- GEN FUND** PF CONTRIB	-INTEREST EARNINGS- GEN FUND** PF CONTRIB
81	420.70	7.50	0.00	74.30	385.13	3718.17	563.80	1501.60	.00	358.30	227.80	149.90
82	4885.30	8.00	0.00	0.00	400.52	4108.38	902.10	1553.20	.00	388.30	324.70	368.40
83	4532.50	9.40	0.00	0.00	421.00	3631.00	844.30	1447.40	.00	361.80	375.80	471.10
84	4294.80	9.00	0.00	0.00	366.28	3390.02	907.00	1409.00	.00	354.60	282.70	529.50
85	4208.30	7.10	5.40	0.00	368.00	3260.00	939.70	1350.30	.00	349.50	233.50	657.80
86	4445.66	6.63	16.70	0.00	323.02	3074.96	1222.01	1117.81	47.89	303.40	195.20	1020.85
87	2655.55	3.02	9.00	0.00	149.46	1663.39	1018.10	563.40	0.08	140.89	160.00	820.69
88	2519.62	3.30	1.00	0.00	166.52	1532.67	794.91	638.56	1.22	160.25	90.00	816.13
89	2627.00	3.71	1.00	0.00	188.20	1589.74	697.76	716.95	4.43	181.45	45.00	844.36
90	2889.65	4.10	1.00	0.00	207.82	1689.44	704.96	794.75	5.10	201.24	13.32	957.29
91	2827.44	3.86	1.00	0.00	195.70	1599.42	698.79	747.35	5.26	189.47	12.39	1027.45
92	3014.98	4.16	1.00	0.00	212.51	1692.41	744.22	795.62	15.41	206.61	13.13	1104.90
93	3184.36	4.39	1.00	0.00	226.68	1781.21	794.33	833.59	25.39	221.09	13.68	1191.07
94	3336.14	4.50	0.50	0.00	231.55	1818.76	846.20	856.48	24.04	226.14	14.05	1280.83
95	3408.46	4.42	0.00	0.00	230.97	1797.45	976.34	826.85	38.02	225.72	14.17	1415.61
96	3533.31	4.38	0.00	0.00	230.17	1766.94	1049.32	810.13	45.30	225.18	13.73	1521.83
97	3637.01	4.40	0.00	0.00	232.34	1766.47	1127.63	807.99	51.23	227.61	13.56	1633.80
98	3711.10	4.35	0.00	0.00	232.09	1752.86	1210.68	790.72	59.86	227.61	13.25	1751.79
99	3821.09	4.25	0.00	0.00	229.05	1711.99	1298.72	759.91	69.65	224.80	12.67	1875.80
00	3881.67	4.14	0.00	0.00	223.73	1680.29	1384.73	738.93	69.93	219.70	12.00	1983.51
01	4005.26	4.03	0.00	0.00	218.12	1666.62	1476.01	714.26	71.46	214.29	11.64	2116.49
02	4117.69	3.92	0.00	0.00	213.82	1643.69	1572.08	687.42	76.68	210.19	11.18	2256.26
03	4261.09	3.84	0.00	0.00	210.43	1633.46	1673.47	669.08	79.46	207.00	10.92	2403.35
04	4414.57	3.78	0.00	0.00	208.65	1643.82	1780.33	652.18	84.71	205.40	10.65	2558.52
05	4587.68	3.76	0.00	0.00	206.19	1656.05	1895.52	649.73	81.34	203.10	10.46	2721.69

** GF interest revenues include the amounts transferred from the PF earnings in these years.
Interest earnings totals therefore double count the transfer which is detailed in col. 18 of Table 3.

Table 2 presents similar information to Table 1; however, the results are in millions of 1981 dollars. This type of presentation allows for comparisons between years of real dollars, rather than inflation impacted figures.

TABLE 2
(millions of real 1981\$ unless otherwise noted)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	REAL 1981 DOLLARS			
												ANCH CPI	GEN FUND UNRESTRD	REAL 1982 \$	
81	1.000	0.1178	3696.90	186.10	377.70	4260.70	385.13	3718.17	563.80	0.947	3926.39				
82	1.056	0.0846	3771.97	197.92	656.34	4626.23	379.28	3890.51	854.26	1.000	4108.38				
83	1.101	0.0430	3139.87	207.63	769.21	4116.71	382.38	3297.91	766.85	1.043	3482.59				
84	1.142	0.0369	2834.33	215.24	711.21	3760.77	320.74	2968.49	794.22	1.081	3134.73				
85	1.187	0.0389	2631.84	238.42	750.88	3621.15	310.03	2746.42	791.66	1.124	2900.22				
86	1.219	0.0270	2483.26	182.44	997.54	3663.23	264.98	2522.42	1002.43	1.154	2663.68				
87	1.261	0.0347	1139.80	180.13	777.51	2097.44	118.49	1318.76	807.17	1.194	1392.61				
88	1.320	0.0468	1057.42	164.57	686.27	1908.26	126.12	1160.78	602.04	1.250	1225.79				
89	1.384	0.0485	1098.36	156.74	642.38	1897.48	135.94	1148.27	503.99	1.311	1212.57				
90	1.466	0.0592	1131.46	156.74	661.90	1950.10	141.72	1152.09	480.74	1.389	1216.61				
91	1.553	0.0592	994.16	156.74	669.48	1820.38	126.00	1029.75	449.90	1.471	1087.42				
92	1.645	0.0592	996.32	156.74	679.60	1832.65	129.17	1028.73	452.37	1.558	1086.34				
93	1.743	0.0594	979.12	156.74	691.26	1827.12	130.06	1010.54	455.77	1.650	1067.14				
94	1.846	0.0594	948.85	156.74	701.33	1806.91	125.41	985.07	458.31	1.748	1040.24				
95	1.961	0.0622	872.54	156.74	729.01	1758.29	117.77	916.48	497.81	1.857	967.80				
96	2.083	0.0622	797.37	156.74	737.06	1691.18	110.48	848.12	503.67	1.973	895.62				
97	2.213	0.0622	742.32	156.74	744.39	1643.45	104.99	798.21	509.54	2.096	842.91				
98	2.351	0.0622	683.85	156.74	750.82	1591.42	98.73	745.65	515.01	2.226	787.40				
99	2.497	0.0622	617.20	156.74	756.25	1530.19	91.73	685.58	520.08	2.365	723.98				
00	2.650	0.0611	558.85	156.74	753.08	1468.67	84.43	634.12	522.58	2.509	669.63				
01	2.812	0.0611	510.86	156.74	756.86	1424.46	77.57	592.73	524.94	2.663	625.93				
02	2.984	0.0611	463.39	156.74	759.96	1380.09	71.66	550.90	526.90	2.825	581.75				
03	3.166	0.0611	426.58	156.74	762.55	1345.87	66.47	519.09	528.57	2.998	548.16				
04	3.360	0.0611	392.62	156.74	764.67	1314.03	62.11	489.29	529.93	3.181	516.69				
05	3.565	0.0611	363.75	156.74	766.39	1286.89	57.84	464.54	531.71	3.376	490.55				

(13)	(14)	(15)	(16)
	PERM FUND PRINCIPAL	-INTEREST EARNINGS-	
FY	BALANCE	GEN FUND	PERM FUND
81	1768.60	227.8	149.90
82	2811.67	307.5	348.86
83	3652.43	341.3	427.88
84	4236.87	247.5	463.66
85	4936.65	196.7	554.17
86	5152.02	160.1	837.41
87	6250.63	126.9	650.66
88	6346.01	68.2	618.10
89	6483.29	32.5	609.88
90	6600.60	9.1	652.81
91	6734.06	8.0	661.50
92	6870.88	8.0	671.61
93	7008.05	7.8	683.41
94	7140.40	7.6	693.72
95	7227.67	7.2	721.79
96	7304.72	6.6	730.47
97	7373.23	6.1	738.26
98	7432.42	5.6	745.19
99	7481.50	5.1	751.18
00	7522.18	4.5	748.55
01	7555.07	4.1	752.73
02	7581.30	3.7	756.21
03	7601.74	3.4	759.10
04	7617.41	3.2	761.50
05	7627.84	2.9	763.46

able 3 summarizes activity in the Permanent Fund (PF) including 1. .ncipal and Earnings Reserve Account (ERA)*. It also presents activ.

1. These numbers are updated quarterly as new revenue estimates become available.
2. The simulation of the fund flows required for the modeling process have required simplification of the accounting calculations and may render slightly different results from PF Corporation financial reports.
3. The assumptions noted above are important to the results in this table.
4. Final digits may differ from manual calculations due to rounding in the model.

Columns 2, 3 and 5 indicate sources of funds to the PF, i.e. contributions from current revenue, special appropriations from the SF or other funds,

multipled by the statutorially mandated contribution rate (AS.37.13.010). Special PF appropriations are determined by the Legislature and Governor. PF inflation proofing is derived by multiplying the PF intermediate principal balance (col. 4) by the calendar year inflation rate (U. S. Consumer Price Index for all Urban Consumers). When these three fund additions are added to the prior year's final principal balance (col. 6) the result equals the current year's final principal balance. For example, for FY87 the final principal balance is \$784,060 + \$6280.57 + \$149,460 + \$1264.25 = \$891,790. The inflation proofing (col. 5) part of this total is the estimated 1986 calendar year inflation rate, 2.467 percent multiplied by the intermediate principal balance of \$7694.27 resulting in \$189.79. The real value of the final PF principal balance (i.e. in 1981 dollars) is \$6250,63.

Total income earnings, (col. 7) is the sum of earnings on the balances of the PF principal and ERA (col. 6 & 21, respectively). This is estimated by multiplying the estimated PF interest rate by the estimated average PF balance. This balance is the average of the prior year's final principal balance (col. 6) and current year's intermediate principal balance (col. 4) plus the prior year's ERA balance (col. 21). For FY87 this average balance is (\$6280.57 + \$7694.27) / 2 plus \$0.00***, or \$6987.42. When multiplied by the estimated PF interest rate for FY87 of 11.745 percent, total income earnings of \$820,690 are the result.

Distributable earnings (col. 8) are the basis for figuring the amount available for PF dividends (PFD). Distributable earnings (through FY86***) are a five year moving average of current and the four previous years' total earnings. Half this amount is intended for payment in the following fiscal year of Dividend Program costs (col. 10), although more or less can be appropriated by the Legislature.*** Distributable earnings for FY87 are the sum of \$471,10 + \$529,500 + \$657,800 + \$1020,850 + \$80,690 multiplied by 0.21 or \$734,990. Estimated earnings transfer and dividend program costs are half of this or \$367,490 (col.10) which will be distributed for the PFD's claimed for the year indicated in col. 11.

PF total income earnings (col. 7) less the earnings transfer (col. 10) and less ERA earnings (col. 17) leaves those PF earnings available for inflation proofing (col. 9 also col. 15). In FY87 this amount is \$820,690 - \$367,490 - \$0.00*** = \$453,200.

The amount required to fully inflation proof the PF is indicated in column 22. The derivation of this amount is described in the first paragraph on this table. The amount available from current earnings is presented in column 15. If the difference is positive, indicating an abundance of funds for inflation proofing, the balance is deposited as principal to the ERA as indicated by positive entries in column 16. For FY87, \$189,790 is required to inflation proof the PF and there are more than sufficient current earnings (\$453,200) so the balance (\$263,410) is deposited in the ERA. A negative difference is made up by a withdrawal from the deposits of the ERA as presented in the ERA deposit or Withdrawal column (col. 16, negative entries). If there are insufficient current earnings to inflation proof and the deposits to the ERA are depleted (col. 19 is zero), the actual inflation proofing deposit differs from what is required for full inflation proofing. The extent of the shortfall is indicated in column 23. This condition occurs partially in FY94 (a shortfall of -\$0,940 = \$738,070 - \$739,010) and continues throughout the forecast period.

* Name changed effective July 1, 1986 by Ch. 28 SLA 1986.

** Ch 25 SLA 1986 appropriated the 1987 Undistributed Income Account (now Earnings Reserve Account) to the principal of the Permanent Fund.

*** Ch. 28 SLA 1986 changed the method of calculation for distributable earnings to 21 percent of the average of the current and the four previous years' net income.

The balance in the ERA is invested and also earns interest as presented in column 17. Any appropriations from the ERA by the Legislature are presented in column 18. The previous year's ERA balance plus ERA deposit or withdrawal plus ERA earnings less ERA budget results in the current year's ERA balance (col. 21). The FY87 ERA balance of \$263.41M is the sum of \$124.25M + \$263.41M + \$0.00** - \$1264.25M. This balance can be presented as an accumulation of deposits (income or principal) and earnings, which are listed separately in columns 19 and 20.

TABLE 3
(millions of current dollars unless otherwise noted)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
FY	CONTRI	-PERMANENT FUND- APPROP*	PRINCIPAL BALANCE	INTERMED PRINCIPAL PRODIFING	FINAL INFLATION BALANCE	TOTAL INCOME EARNINGS	DISTR.BL AVAIL FOR EARNINGS	INFL PROOF	PROGRAM COSTS	CLAIM YEAR	PERM FUND PRINCIPAL REAL B1\$
81	385.13	900.00	1768.34	0.00	1768.60	149.90	91.15	122.40	0.00	80	1768.60
82	400.52	800.00	2969.12	0.00	2869.12	368.40	183.60	297.90	0.00	81	2811.67
83	421.00	400.00	3790.12	231.20	4021.32	471.10	255.50	332.15	481.55	82	3652.43
84	366.28	300.00	4687.60	150.90	4838.50	529.50	310.30	335.83	190.90	83	4236.87
85	368.00	300.00	5506.50	234.60	5741.10	657.80	435.34	376.42	163.10	84	4836.65
86	323.02	0.00	6064.12	216.44	6280.57	1020.85	609.53	599.60	217.67	85	5152.02
87	149.46	1264.25	7694.27	189.79	7884.06	820.69	734.99	453.20	304.36	86	6250.63
88	166.52	0.00	8050.59	328.51	8379.10	816.13	807.44	386.29	367.49	87	6336.01
89	188.20	0.00	8567.30	408.59	8975.89	844.36	873.56	374.33	403.72	88	6483.29
90	207.82	0.00	9183.71	495.50	9679.21	957.29	936.46	453.90	436.78	89	6600.60
91	195.70	0.00	9874.91	584.50	10459.41	1027.45	937.84	524.02	468.23	90	6734.06
92	212.51	0.00	10671.92	631.67	11303.59	1104.90	997.53	574.26	468.92	91	6870.88
93	226.68	0.00	11530.27	683.60	12213.87	1191.07	1076.27	623.60	498.76	92	7008.05
94	231.55	0.00	12445.42	738.07	13183.49	1280.83	1167.92	670.64	538.13	93	7140.40
95	230.97	0.00	13414.46	760.85	14175.31	1415.61	1264.17	760.85	583.96	94	7227.67
96	230.17	0.00	14405.48	812.78	15218.26	1521.83	1367.99	812.78	632.09	95	7304.72
97	232.34	0.00	15450.60	886.60	16317.20	1633.80	1479.06	866.60	683.99	96	7373.23
98	232.09	0.00	16549.29	922.81	17472.11	1751.79	1596.81	922.81	739.53	97	7432.42
99	228.05	0.00	17701.16	981.15	18682.31	1875.80	1721.75	981.15	790.40	98	7481.50
00	223.73	0.00	18905.03	1026.10	19932.14	1983.51	1841.01	1026.10	860.88	99	7522.18
01	218.12	0.00	20150.25	1052.83	21243.08	2116.49	1965.89	1092.83	920.51	00	7555.07
02	213.82	0.00	21456.90	1163.03	22619.92	2256.26	2096.61	1163.03	982.95	01	7581.30
03	210.43	0.00	22830.36	1237.04	24067.40	2403.35	2233.44	1237.04	1048.30	02	7601.74
04	208.65	0.00	24276.05	1315.21	25591.26	2558.32	2376.76	1315.21	1116.72	03	7617.41
05	206.19	0.00	25797.45	1395.41	27192.86	2721.69	2531.78	1395.41	1188.38	04	7627.84
											1265.89

*Ch 25 SLA 1986 appropriated the 1987 monies from the Undistributed Income Account (now Earnings Reserve Account) to the principal of the Permanent Fund.

(13)	(14)	(15)	(16)	-UNDISTRIBUTED INCOME ACCOUNT-			(19)	(20)	(21)	(22)	(23)	(24)	
				FY	AMOUNT	CURRENT EARNINGS	DEPOSIT / -W/DRAWL	EARNINGS	BUDGET*	INCOME	EARNINGS	TOTAL	REQUIRED PROOFING
81	0.00	122.40	122.40		0.00		-27.50	106.08	0.00	106.08	0	0.00	0.00
82	0.00	297.90	297.90		0.00		-72.70	332.58	0.00	332.58	0	0.00	0.00
83	231.20	332.15	100.95		31.10		-108.50	322.71	31.10	353.81	231.20	0.00	0.00
84	150.90	335.83	184.93		38.50		-19.90	487.75	69.60	557.35	150.90	0.00	0.00
85	234.60	376.42	141.82		64.02		0.00	629.59	133.62	763.21	234.60	0.00	0.00
86	216.44	599.60	384.16		116.88		0.00	1013.75	250.50	1264.25	216.44	0.00	0.00
87	189.79	453.20	265.41		0.00		-1264.25	263.41	0.00	263.41	189.79	0.00	0.00
88	328.51	386.29	57.77		26.12		0.00	321.18	26.12	347.30	328.51	0.00	0.00
89	408.59	374.33	-34.27		33.25		0.00	286.92	59.36	346.28	408.59	0.00	0.00
90	495.50	453.90	-41.60		35.17		0.00	245.32	94.53	339.85	495.50	0.00	0.00
91	584.50	524.02	-60.48		34.51		0.00	184.83	129.05	313.88	584.50	0.00	0.00
92	631.67	574.26	-57.41		31.88		0.00	127.42	160.92	288.35	631.67	0.00	0.00
93	683.60	623.60	-60.00		29.34		0.00	67.43	190.26	257.69	683.60	0.00	0.00
94	738.07	670.64	-67.43		26.22		0.00	0.00	216.48	216.48	739.01	-0.94	-0.94
95	760.85	760.85	0.00		22.67		0.00	0.00	239.16	239.16	816.22	-55.37	-56.31
96	812.78	812.78	0.00		25.05		0.00	0.00	264.21	264.21	896.74	-83.96	-140.27
97	866.60	866.60	0.00		27.67		0.00	0.00	291.88	291.88	961.80	-95.20	-235.47
98	922.81	922.81	0.00		30.57		0.00	0.00	322.45	322.45	1030.19	-107.38	-342.85
99	981.15	981.15	0.00		33.77		0.00	0.00	356.23	356.23	1101.90	-120.75	-463.60
00	1026.10	1026.10	0.00		36.90		0.00	0.00	393.12	393.12	1166.07	-139.97	-603.56
01	1092.83	1092.83	0.00		40.72		0.00	0.00	433.84	433.84	1231.78	-138.96	-742.52
02	1163.03	1163.03	0.00		44.94		0.00	0.00	478.78	478.78	1311.66	-148.63	-891.16
03	1237.04	1237.04	0.00		49.59		0.00	0.00	528.37	528.37	1395.62	-158.58	-1049.74
04	1315.21	1315.21	0.00		54.73		0.00	0.00	583.09	583.09	1484.00	-168.79	-1218.52
05	1395.41	1395.41	0.00		60.39		0.00	0.00	643.48	643.48	1577.00	-181.59	-1400.11

*Ch 25 SLA 1986 appropriated the 1987 monies from the Undistributed Income Account (now Earnings Reserve Account) to the principal of the Permanent Fund.

The final group of columns on Table 3 is the Dividend Account activity. The transfer from current PF earnings is presented in column 26, while GF appropriations to this account are presented in column 27. These are usually distributed the fiscal year following (as presented in col. 10 and 31) with part being used to administer the PFD program (col. 30) and the rest distributed to the applicants (col. 32) so that each applicant receives the amount listed in column 33. The payment amount is distributed to the applicants (col. 32) so that each applicant receives the amount listed in column 33. The real value of the PFD (i.e. net of inflation) is presented in column 34. For FY87 the earnings transfer of \$367.49 will cost \$8.01 in administration* to distribute a \$359.48 payment amount (in FY88). This is divided between an estimated 527,160 applicants so each one gets \$681.92 which is worth about \$516.46 in 1981 dollars.

(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)
FY	EARNINGS TRANSFER	GEN FUND APPROV	CLAIM YEAR	PAYOUT	-----PFD PROGRAM-----	ADMIN	TOTAL	APPlicants (THOUSANDS)	TOTAL PFD ---DIVIDEND PAYMENT--- (NOMINAL\$ REAL\$)
81	27.47	0.00	80	0.00		0.00	410.47	0.00	0.00
82	70.50	0.00	81	0.00		0.00	430.06	0.00	0.00
83	107.88	440.60	82	478.13	3.42	481.55	478.77	1000.00	907.93
84	155.13	0.00	83	187.52	3.08	190.60	486.82	386.15	338.12
85	217.67	0.00	84	160.10	3.02	163.12	483.12	331.29	279.20
86	304.36	0.00	85	210.61	7.54	218.15	520.88	404.00	331.68
87	367.49	0.00	86	296.62	7.74	304.36	533.42	556.26	440.87
88	403.72	0.00	87	359.48	8.01	367.49	527.16	681.92	516.46
89	436.78	0.00	88	395.33	8.39	403.72	525.81	751.86	543.07
90	468.23	0.00	89	427.99	8.79	436.78	528.05	810.50	552.71
91	468.92	0.00	90	458.91	9.31	468.23	530.26	865.44	557.20
92	498.76	0.00	91	459.05	9.87	468.92	532.45	862.16	524.06
93	538.13	0.00	92	488.31	10.45	498.76	534.60	913.42	524.10
94	583.96	0.00	93	527.06	11.07	538.13	536.76	981.92	531.83
95	632.09	0.00	94	572.23	11.73	583.96	538.94	1061.78	541.38
96	683.99	0.00	95	619.63	12.46	632.09	541.12	1145.08	549.63
97	739.53	0.00	96	670.76	13.23	683.99	543.32	1234.57	557.86
98	798.40	0.00	97	725.47	14.06	739.53	545.52	1329.87	565.71
99	860.88	0.00	98	783.47	14.93	798.40	547.74	1430.38	572.81
00	920.51	0.00	99	845.01	15.86	860.88	549.96	1536.50	579.86
01	982.95	0.00	00	903.67	16.83	920.51	552.20	1636.51	582.02
02	1048.30	0.00	01	945.08	17.86	982.95	554.44	1740.45	583.40
03	1116.72	0.00	02	1029.35	18.95	1048.30	556.69	1849.06	584.03
04	1188.38	0.00	03	1096.61	20.11	1116.72	558.95	1961.91	583.98
05	1265.89	0.00	04	1167.04	21.34	1188.38	561.21	2079.50	583.32

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